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NEWS SUMMARY

GENERAL

Howe's plan for national recovery A future Tory Government would aim to lift the balance of power away from the trade unions, cut public spending programmes and re-establish conditions for wealth creation.

Belfast murders Provisional IRA is thought responsible for the murders of a retired prison officer and his wife in their North Belfast home as part of its campaign to gain political status for jailed terror suspects.

Malaria dangers Malaria is making a comeback into Britain and health authorities around airports and docks are becoming concerned. The number of cases rose from 200 in 1970 to over 1,700 by 1975.

In arrests ECONOMIC people were held in a bid to disrupt the union's support for the death sentence.

Reservoir dispute The Government has been asked to adjudicate in a dispute between the Northumbria Water Authority and the Forestry Commission over land ownership around the Kielder Dam.

Jumbo jet shot Police are investigating an incident at Heathrow Airport, in which a jumbo jet was shot down by a car window guard who was checking his pistol when it accidentally went off.

Kampala 'gunfire' Heavy gunfire was reported in central Kampala. Electricity supplies and radio programmes were interrupted. Ugandan exiles in Nairobi spoke of strong pressure on President Amin from opposition forces.

Andreotti talks Sig Gullio Andreotti, the Italian Prime Minister who resigned last week, is to start preliminary talks with party leaders by tomorrow in a bid to form a new Government.

Briefly A chimney was found dead and three others suffering from injuries and overnight exposure on Mount Snowdon. Illegal fur trappers are selling badger skins to foreign dealers at £40 each says the RSPCA. Brazilian Grand Prix was won by Jacques Laffite of France. Mrs. Winifred Ewing will be Scottish Nationalist candidate for the Highlands and Islands in the European Parliament elections.

Table with 2 columns: Overviews news, World trade news, UK news-general, Management page, Technical page.

Table with 2 columns: Vision of the factory of the future, Week in the courts, FT SURVEY.

Table with 3 columns: Appointments, Building News, Businessman's Dry, Business Express, Crossword, Entertainment, Cue, Financial Diary, Party, Diary, Insurance, Letters, Lok.

Iran decision to cut defence spending is blow to Britain

BY SIMON HENDERSON IN TEHRAN AND PATRICK COCKBURN IN LONDON

Details of a savage pruning of Iranian defence contracts, foreshadowed by the suspension of military orders last week, have emerged in Tehran. The extent of the cancellations, still to be formally announced, will be a major blow to the U.S. and British defence industries.

Water workers want offer raised to 17%

BY PHILIP BASSETT, LABOUR STAFF

WATER EMPLOYERS may have to increase their 13.9 per cent pay offer to the industry's 33,000 manual workers to about 17 per cent today to stave off national official strike action by members of the National Union of Public Employees.

N. Sea interest relief grants criticised

FINANCIAL TIMES REPORTER

THE Department of Energy has been criticised for failing to follow its own rules on interest relief grants to UK suppliers of oil and gas field equipment and services for the UK continental shelf.

Callaghan sees new pact with unions as vital

BY RICHARD EVANS, LOBBY EDITOR

SENIOR Ministers hope Mr. Callaghan's weekend speech, in which he hinted at the setting up of a board to consider pay differentials and anomalies and seemed to show greater flexibility over local authority wage negotiations, will speed an agreement between the Government and trade unions on a new social contract.

Inco quotes nickel price

BY JOHN EDWARDS, COMMODITIES EDITOR

IN A BID to restore stability to the nickel market, the Inco group has decided to start publicly quoting its prices again.

UK hopes China contracts will be signed this month

BY JOHN ELLIOTT AND IAN HARGREAVES

THE GOVERNMENT hopes China will sign contracts for the construction of steel works, coal mines and power stations, and complete arrangements to buy aircraft and ships when a UK trade delegation visits Peking later this month.

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Advertisement for Olympia business machines including sections for Dictating, Facsimile Transmission, Copying, Typing, and Text Processing, with images of various machines.

UK NEWS

Sales drop expected for textile retailers

BY RHYS DAVID, TEXTILES CORRESPONDENT

GBRITAIN'S RETAILERS of textiles and clothing, who experienced buoyant conditions for much of last year, are now expecting a slackening in sales growth during the next four months, the latest CBI-NEDO textile trends survey reports.

The survey, a three-monthly assessment of confidence at all levels of the textiles pipeline from raw material processors through to the shops, shows that retailers in January achieved higher sales than in October but

no expect on balance to be reducing their forward ordering. The worst performance at retail level is menswear, particularly outer wear, but the survey points out that changes in the trade make it difficult to interpret the significance of this.

Bid to coax out 'rebels' from beneath bowlers

BUSINESSMEN are being urged to leave their pin-stripe suits and formal shirts and ties at home for just one day next month, and go to work in jeans and sweaters.

A clothes manufacturer wants them to do this to prove that everyone works better in casual clothes.

Mr. Raj Shah, who wears slacks and a sweater for business meetings, said March 21—the first day of spring—should be a day of informality at the office, even at the risk of offending the boss.

"British business life is much too formal," he said. He planned advertisements in the Financial Times to bring out the rebel underneath every bowler hat.

"I am aware that only a small percentage of the business world will join in the first experiment but I shall invite them to send me their reactions. This could eventually make the bowler an endangered species."

Mr. Shah is head of London Casualwear Manufacturers' Second Image.

Steel foundry industry protest at sharp price rise for scrap

BY OUR SHEFFIELD CORRESPONDENT

A SHARP rise in the market price of ferrous scrap has brought protests from the steel foundry industry. The scrap price rises—up to £10 per tonne in certain grades—could mean price increases across a wide range of industrial products, a spokesman warned.

The increases, which became apparent at the week-end, come after rises of up to £5 per tonne a month ago. The British Steel Corporation is the dominant market power in the scrap trade, and merchants say the new prices almost certainly reflect a Corporation decision to pay more for its scrap.

Castings Research and Trade Association in Sheffield said steel foundries were alarmed at the new increases. They could not avoid paying them, yet they did not add at all to the industry's productivity.

"It is a straight cost increase in foundries which we cannot absorb and which will have to be passed on to the customer," he said.

Mr. Roy Boast, executive vice-president of the British Scrap Federation, confirmed that he was now getting reports of price increases in scrap which "surprised him."

He thought the increases reflected the catching up of UK

prices with those in other markets particularly the U.S. and Germany. There was also a risk demand for scrap in Europe.

The new rates would not mean profit windfalls for merchants, he emphasised. Because of the lorry drivers' strike, and widespread picketing, both collection and deliveries from scrap yards had been affected.

Merchants would soon have to replenish present stocks and pay higher rates to scrap producers in industry. Such producers, including the Government, would be the main beneficiaries of the sharp price increases.

Daihatsu plans for 8,000 car sales will cause concern

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN AMBITIOUS plan to launch Daihatsu cars in the UK later this year is bound to cause concern among rival importers of Japanese cars and attract the interest of the Department of Trade.

Tozer Kemsley and Millbourn, the London-based international trading and finance group, will distribute the Daihatsu cars and Mr. Jonathan Sieff, chairman of its automotive division, said: "We hope to sell 7,000 to 8,000 in the first year."

There is some confusion surrounding the state of Anglo-Japanese agreements about cars. At the end of last year the Japanese manufacturers said they would take a "prudent" approach to the UK market.

This is understood to mean that shipments will be restricted to some extent.

But this year Suzuki as well as Daihatsu will be entering the car market for the first time. The Heron Motor group will be selling "a limited number" of four-wheel-drive "leisure" vehicles and light vans from Suzuki.

Mr. Sieff commented: "The Japanese manufacturers are responsible people and will no doubt hold back from taking the share of the UK market they

could achieve. But within the overall level there will be competition."

Daihatsu is near the bottom of the Japanese car-producing groups in volume terms with a 1977 output of 82,601. However, it also produced 236,000 commercial vehicles that year.

TKMI will initially concentrate on selling the 1,000 cc Chirade undergoing UK Type Approval saloon. The car is currently tested and should be launched in October.

Next year TKMI will lose its lucrative franchise in the UK for the West German BMW cars and motor-cycles and the Daihatsu launch is part of its plan to compensate for this loss.

TKMI also has a major shareholding in the company which distributes Mazda cars, made by Toyo Kogyo, Japan's third largest car maker, and which was the only concern to hold sales to the 1977 level last year.

In 1978, however, Mazda launches the Montrose range which will challenge Ford's Cortina and Vauxhall's Cavalier in the medium-sized, 1600 cc and 2000 cc sector of the market.

The importers believe the Montrose range, to go on sale in the UK next month, will eventually account for half Mazda's British sales.

British Airways orders

By Michael Dams, Aerospace Correspondent

BRITISH AIRWAYS has ordered another two Lockheed Tristar airliners, worth more than £50m including spares. They will use Rolls-Royce RB-211 Dash 534B engines, and that company's share of the deal will be about £15m.

The latest order brings to 17 the number of Tristars firmly on order for British Airways (of which nine have been delivered), with another six on option, giving the airline an eventual fleet of 23.

The two latest aircraft are Tristar-200s, for delivery in March next year. They will be used initially on routes to and from the Gulf.

Later, they may be deployed on the shorter European routes, where the engines will be run at lower power because of the lower operating weight of the aircraft on shorter sectors. This will prolong engine life and save on maintenance costs.

Farmers reject milk tax plan

DEVON FARMERS have called upon the Minister of Agriculture to veto the Common Market's proposed 10 per cent tax on milk which, they say, would slash dairy farm profits by up to 70 per cent.

The county National Farmers' Union executive committee, has recommended to the Milk Marketing Board that it should not collect the levy if it is imposed.

Study plan for council stakes in companies

BY PAUL TAYLOR

THE LABOUR PARTY national executive committee and the Department of Industry are to be asked to study proposals which would give local authorities specific powers to provide risk capital and take stakes in small private companies.

The controversial proposals for enhancing the economic planning role of local councils were made yesterday in a working group paper on municipal enterprise presented to the Labour Party Local Government Conference in Newcastle.

The paper was prepared by Mr. Richard Minns and Jennie Thornley, researchers at the Independent Centre for Environmental Studies.

Following discussion of the proposals Mr. Leslie Hucklefield, Parliamentary Secretary at the Department of Industry, said he would "without commitment" take the proposals to the Labour Party NEC and to his department for study.

Mr. Minns told Labour Party councillors that his proposals would provide an important source of development capital, venture capital and working capital for assisting small firms and stimulating the development of local industry.

The expanding economic planning role of the local authorities could complement the role

of the National Enterprise Board and other bodies in Britain's industrial strategy.

He said enabling local authorities to provide risk capital and take stakes in small private companies could assist in making some small companies viable. He suggested that between £200m and £250m could be made available by a levy on the rates for assisting small local companies in this way.

Mr. Minns said existing local authority powers in specific areas to make grants and loans to industry or to provide sites and services for industry, were unsatisfactory. He suggested that local authorities, in taking a stake in a small company, could provide a useful "pump priming operation."

While a few local authorities had found provisions in existing legislation enabling them to take equity stakes in companies, Mr. Minns called on the Government to provide local authorities with specific powers through new legislation.

Local authorities could then set up Municipal Enterprise Boards—like mini-national enterprise boards—to oversee local council investments, while he suggested the Government should set up machinery to co-ordinate industrial policy at central and local level.

Highlands 'need more research resources'

A CALL for more of Scotland's advanced teaching and research resources to be located in the Highlands and Islands was made last night by Sir Kenneth Alexander, chairman of the Highlands and Islands Development Board.

This would make an important contribution to the area's economic and social development, he said.

In the Bowie Memorial Lecture at Dundee University Sir Kenneth referred to the Board's recent initiative in encouraging community co-operatives, an approach now being tested in the Western Isles.

Four co-operatives were established last year: at Ness (popula-

tion 2,300) and Park (500), in Lewis, Eriskey (185) and in Vatersay (110).

Local communities were exploring possibilities in four other areas of the Western Isles and several groups were examining proposals for community development in other parts of the Highlands and Islands.

Sir Kenneth said that only one co-operative had so far advanced to the point at which it had been practicable to appoint a full-time manager. It was too early to assess the real importance of the initiative, but the response had been extremely encouraging.

The education sector could make a real contribution to development, he said.

Land dispute referred to Government

FINANCIAL TIMES REPORTER

THE GOVERNMENT has been asked to adjudicate in a dispute between the Northumbrian Water Authority and the Forestry Commission over land ownership around the Kielder Dam—Europe's biggest reservoir project.

The water authority, which is due to complete a £115m scheme by 1981 is anxious to acquire a further 2,700 acres around the perimeter of the reservoir mainly to provide recreational facilities.

It claims, however, to have come up against a resolute

refusal from the Forestry Commission which maintains the Kielder forest where the dam lies, and as it is Crown land the water authority is unable to use compulsory purchase.

The dispute has now been referred to two Government Ministers. Mr. Peter Shore, Environment Secretary and Mr. John Silkin, Agriculture Minister, and the water authority is also seeking the support of regional MPs.

The authority claims that it must have unrestricted operational freedom around the reservoir to manage it and

check on safety. At the same time, it is under statutory obligation to provide recreational facilities on the reservoir and requires land on the lake side for these to be carried out.

"The Forestry Commission recreational interests are self-imposed and not required by law as ours are. Also any recreation we undertake is eligible for grants both from UK sources and from the EEC but this does not apply to Forestry Commission development," says Sir Ralph Carr-Killison, Northumbrian water chairman.

VEBA OEL

A new company in German energy



Restructuring at VEBA. The oil and chemical sectors of the VEBA Group have been restructured. The chemical activities are now concentrated with Chemische Werke Hüls (hüls), while the Group's oil activities will be handled by VEBA OEL: (formerly VEBA-CHEMIE).

Fully integrated oil company. VEBA OEL is now fully responsible for the entire petroleum sector of the VEBA Group, from the search for crude oil and processing, to the supply to end-users. Exploration and production of crude oil around the globe are the functions of DEMINEX - Deutsche Erdöversorgungsgesellschaft (Group participation: 54%). Our refineries process 16-17 million tons of crude annually. VEBA OEL has a large capacity for conversion and at the same time a highly competitive petrochemical sector. The products of VEBA OEL are sold by the Group's trading company RAAB KARCHER and ARAL, Germany's largest gasoline distribution network (participation: 56%).

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Handwritten Arabic text at the bottom left corner.

More employers give health insurance

BY ERIC SHORT

MORE EMPLOYERS are providing health insurance for their employees, despite the restrictions imposed by pay policy.

Figures for 1978 released by the three leading provident associations — British United Provident Association, Private Patients Plan and Western Provident Association — which account for 98 per cent of the medical insurance market show a membership rise of 11 per cent.

There are now nearly 650,000 subscribers in group health schemes, where the employer pays most or all of the contribution. Since under many schemes the benefits also cover the employee's family, then about 2m people have health insurance under company schemes.

This growth has been achieved despite the pay policy restrictions which have always insisted that health insurance

Table with columns: CHANGES ON YEAR, Individual Group, Total, BUPA, PPP, WPA.

contributions should be included in the pay limits. It was sick pay schemes that had been excluded. But since the ending of Phase Two of the pay policy in August 1977, there has been a growing interest from companies in establishing health insurance schemes.

It appears the current problem within the National Health Service has encouraged this trend of employers providing health insurance as a fringe benefit although associations are unable to provide any figures to support this.

The other significant feature in the 1978 figures showed that

in the second half of the year, the decline in individual membership came to a halt.

Almost certainly the troubles in the health service are making people take another look at private sector medicine and take out the insurance to meet the cost.

Two of the three associations, BUPA and WPA, recorded increased individual membership over the year, WPA by 10 per cent. However, BUPA, the largest of the three, had a fall in this area of 1.25 per cent, although almost all of this drop occurred in the first half of the year.

The net result of the associations combined was a drop of 0.56 per cent in individual membership during 1978, but a rise of a similar amount over the second half of the year.

All three associations expect that more employers will follow the trend of setting up group health insurance schemes as part of the fringe benefit package for employees. They are also more optimistic, for the first time in years, that the individual market will start expanding again. After all, it was to provide the necessary insurance facilities for individuals that the associations were first established.

Call to strike at BL Cars expected today

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

SENIOR shop stewards at BL Cars are expected to vote by a clear majority in Coventry today for a total strike by the 100,000 manual workers from Friday.

Management last night appeared to be pinning hopes on the idea that employees, fearful of the consequences for the company, would not give wholehearted support for the strike call.

The issue that has united union leaders of the left and right is the refusal of the company to back-date parity payments due this month to November last year. Management insists productivity has not been sufficient to make such payments self-financing.

BL said last night that if workers could produce 6.1 cars per man this month and next, then payments — worth up to £10 a week for some employees — could be back-dated to February 3. Output at 6.4 cars could mean payment from January 1.

The company maintains that the 6.4 target was achieved in six of the 12 months of 1977 — the year the company suffered the month-long toolmakers' strike, the damaging eight-week dispute at the Lucas component company, and problems at its Speke plant. That level was never reached in 1978 and 6.1 cars was achieved in only three months.

The unions say that the company has never given clear figures of the productivity achievements necessary to trigger parity payments. They claim that the agreement to 7,000 redundancies in recent weeks is sufficient price.

For many of the 30,000 workers at a low-paid plant like Longbridge, Birmingham, the company's stand means the loss of up to £14 a week.

Plea for new exam system

Financial Times Reporter

URGENT Government action to set an early date for the introduction of a common system of school examinations at 16-plus is being called for by the National Union of Teachers.

In a policy statement issued today, the NUT argues that the dual system of GCE and CSE examinations should be replaced. It argues that the machinery for central co-ordination of the new system should be within the Schools Council, and should take the form of a larger examinations committee.

The union considered that national criteria for syllabuses and examinations would provide an opportunity to improve standards. It would also ensure comparable standards between boards.

The union also endorses the recommendations of the Waddell Report. This says that the administrative structure for the new examination system should comprise groups with at least one GCE and one CSE board. A group should also be identified with a particular area of the country, and "appropriate interests" should be represented on the senior body of a group.

Some union officials involved thought the fact that Lorin McCarthy, lecturer in industrial relations at Nuffield College, Oxford, who is chairman of the teaching profession by claiming rises of 35 per cent.

Tribunal will try again to settle rail pay dispute

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL'S independent national staff tribunal will meet next week in a second attempt to find a settlement to a productivity dispute which led last month to a series of national strikes by members of ASLEF the train drivers' union.

Although all sides welcomed sending the dispute back to the tribunal after the intervention of Mr Len Murray, TUC General Secretary, British Rail officials, union leaders and other observers privately admit that it will be difficult to find new ground on which to base an acceptable solution.

Mr. Ray Buckton, ASLEF general secretary, said after agreeing to the tribunal being reconvened that he hoped it would hear the evidence by the end of this week.

Because the tribunal is unlikely to have to repeat the fact-finding field trips which delayed publication of its report last year until five months after the hearing, a speedier finding is expected this year. Some union officials involved thought the fact that Lorin McCarthy, lecturer in industrial relations at Nuffield College, Oxford, who is chairman of the teaching profession by claiming rises of 35 per cent.

other members, had asked for double the time for the hearings this year might point towards an opening up of new areas which might lead to a settlement.

British Rail is seeking to amalgamate the immediate problem, which is over the train drivers' claim for 10 per cent special responsibility payments, with its long-standing ambition to achieve staffing cuts and with this year's annual wage settlement.

The unions will meet the British Railways Board for resumed pay negotiations late this week or early next week.

British Rail has offered 5 per cent in response to the unions' claims for substantial increases, although the National Union of Railwaysmen says that the offer could mean up to 8.7 per cent. All three unions will be unlikely to settle for anything other than the public sector "going rate", which some have estimated at 15 per cent.

The Transport Salaried Staffs Association, which represents about 48,000 British Rail white-collar workers, had to cancel a special conference on pay yesterday because of industrial action in the public services' dispute.

Tory boundary law 'put Labour ahead'

THE CONSERVATIVES harmed themselves in 1958 with legislation changing the arrangements for dealing with Parliamentary boundaries, a Conservative political pamphlet published yesterday claims.

Mr. Ian Clarke, a consultant statistician and former Conservative candidate, says in his pamphlet, 'The Great Boundaries Scandal', that the then Conservative Government gave the Labour Party a built-in electoral advantage. In return, Conservative MPs who did not want their safe seats redistributed had a slightly more comfortable life.

It could be argued that this affected the results of the 1964 and the two 1974 elections, Mr. Clarke says.

The change of rules meant that constituency boundaries were almost always out of date. This was because of the increase in time between reviews of boundaries — usually between 10 and 15 years.

The next General Election would be fought on boundaries already 15 years old. This meant that about 70 con-

stituencies were more than 25 per cent larger than average and 51 were more than 25 per cent smaller because of rapid population changes.

Newcastle Central, with just over 23,000 electors, was at one extreme and Basildon, with just over 102,000 electors, was at the other.

This movement of electors had almost always been out of town centres, and into the suburbs and countryside.

Overall, the Greater London area and the Metropolitan counties were over-represented by 23 seats, while the shire counties were under-represented by 21 seats.

Most of the over-representation was in the urban seats of old city centres — inner London, nine seats, Manchester, Liverpool and Birmingham, two seats each, Sheffield, Gateshead and Newcastle, one seat each.

The damage for the Conservatives, stemmed from the fact that over-represented inner city areas tended to be Labour, and under-represented suburban and semi-rural areas tended to be Conservative.

Molybdenum demand raises steel prices

BY OUR COMMODITIES EDITOR

THE PRICE of molybdenum, which went up by more than 20 per cent last year as a result of consumption exceeding supply and reducing stocks to a low level, is the main factor behind British Steel's announcement of increased prices for special steel. It has been one of the few metals in the last four years which has remained in strong demand with prices advancing steadily.

The main reason is the heavy demand for molybdenum for the large-diameter steel pipe used in oil and gas pipelines. Sometimes known as the "space age" metal, moly provides extra durability and acts as a corrosion inhibitor, making it ideal for use in pipelines where repair work, including cracking joints, can be extremely expensive.

Steel pipe manufacturers have, therefore, been prepared to pay increasingly higher prices for moly which, in many cases, cannot be substituted satisfactorily. This demand, which has proved much greater than expected, has come at a time when output has been hit by cuts in copper production, since about a third of world moly output normally comes as a by-

product of copper. Most primary moly production is concentrated in North America, and dominated by Climax, part of the Ammax group. Canada and Chile are the two other main producers.

Climax, which has built up a demand for moly over the years, keeps a tight control over prices and supplies. But in recent years, in spite of sizeable expansion in output, notably at Climax's giant Henderson mine in Colorado, supplies have failed to keep up with the increases in demand.

Surplus stocks, previously held by Climax have been run down. Bad weather has forced the company to cut its February/March shipments to its U.S. customers by 15 per cent because of the shortage.

There is little relief from the free market outside the main Western producers. Prices there are three times higher than the official producer quotations and supplies are extremely scarce. The last Climax increases on December 29 raised its price for ferro to about \$15 a kilo, while the free market quotation is between \$42 and \$45.

Union chief spells out fourth TV channel policy

THERE ARE wide differences in the views of the Government and a union on how a fourth television channel should be run.

Mr. Alan Sapper, general secretary of the Association of Cinematograph Television and Allied Technicians said: "We would use our total industrial strength to oppose the establishment of an Open Broadcasting Authority without the required safeguards which we would lay down."

The Government and the Annan Committee on the future of broadcasting recommended that the fourth channel should have few permanent staff, no studio facilities of its own and

its programmes supplied by independent producers and ITV companies.

Mr. Sapper, speaking on London Weekend Television last night spelled out a policy which runs against these recommendations.

The conditions to be insisted on by the union, which represents about 18,500 television and film technicians, include permanent employment for workers involved, union recognition and a minimum level of 82 per cent of British original programming.

The union also wants independently made programmes to make up only a minority of the total programmes broadcast.

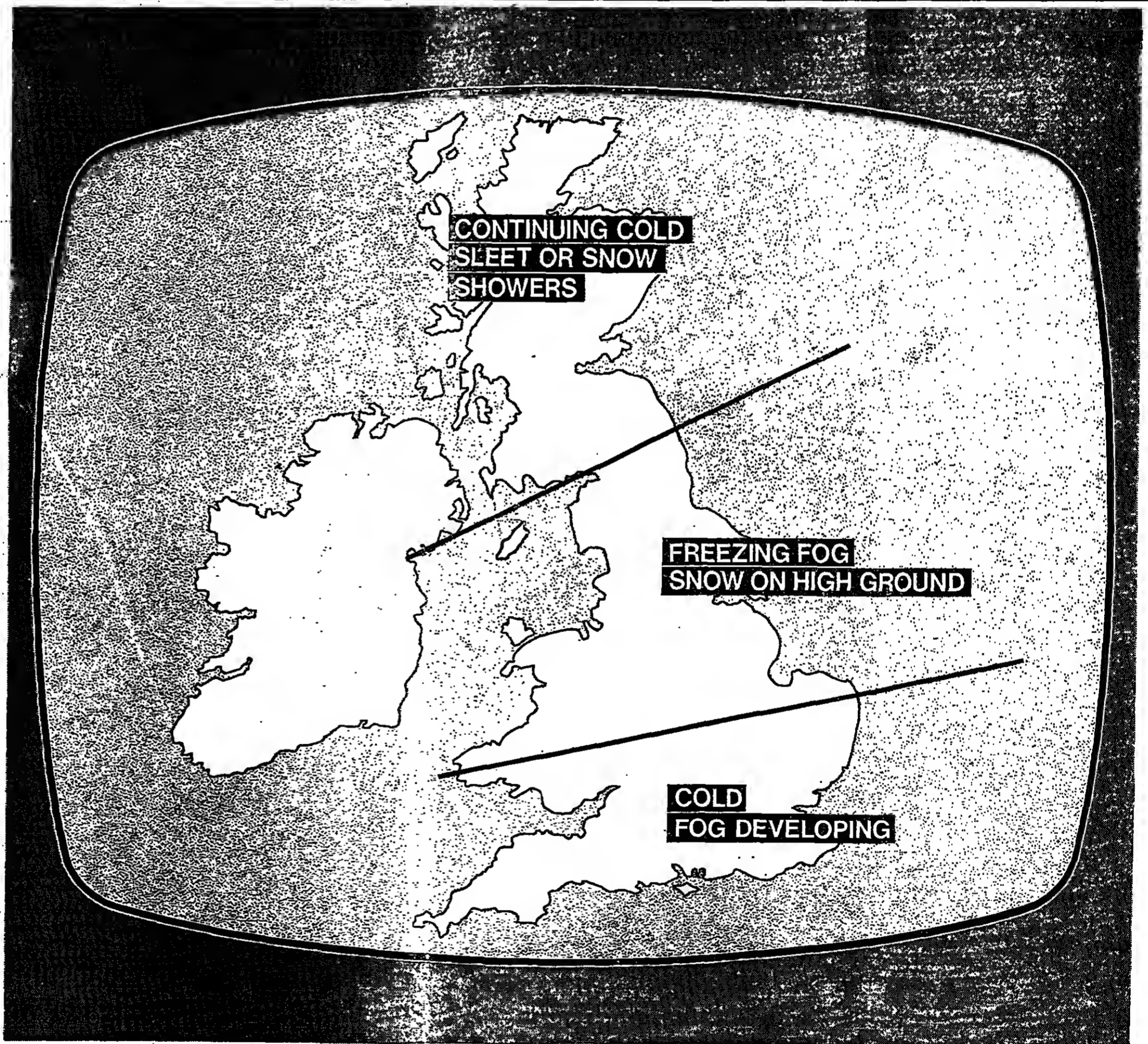
Job help for youngsters urged

LOCAL AUTHORITIES were urged by the Government yesterday to do more to help "rough-and-tumble" youngsters find jobs.

Mr. John Goding, Employment Under-Secretary, said at the Labour Party's local Government conference in Newcastle-upon-Tyne, that outside areas of exceptional unemployment, there was no general problem for school-leavers.

"The brightest and best get work. The problem is one of finding work for our rough-and-tumble youngsters."

The Manpower Services Commission was committed to finding jobs for "educationally sub-normal and youngsters with no qualifications." To deny them a chance was social vandalism.



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room to stretch your legs when you feel like it. The space and relaxed atmosphere to prepare for the day's business — or even get half of it done before you arrive. And often the opportunity for a meal or a drink as you go. So if you have to be miles away for a meeting when you'd rather not go out at all, just travel Inter-City. And relax.




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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Hidden dangers of looking too far ahead

By CHARLES BATCHELOR, in Amsterdam

UNLESS PHILIPS, the giant Dutch electronics group, develops new markets and products by 1991, nearly a quarter of its 85,000 jobs in Holland will disappear. This startling piece of information is contained in a survey prepared by the group on likely social developments up to the year 1991. Not surprisingly, it caused consternation when a copy found its way into the hands of the NVV trade union federation. Not all of the developments outlined in the report go into great detail and many of its findings are unexceptional. But those details which the union, understandably enough, chose to highlight were embarrassing enough for Philips and for the social forecast group which prepared the survey. "I would not say we would produce a report again," Dr. Peter Winkel, Chairman of the forecast group and deputy director of social affairs at Philips said. "But we would do it differently. You must realise the consequences of an internal report being published, he says ruefully. "What struck us about the union's reaction in the details released was that none of our findings were not correct," Wim Hillen, secretary of the forecast group said. "Everyone said our findings were regrettable but no one said they were wrong. How do companies like Philips, which has 384,000 employees worldwide and is the largest private sector employer outside the U.S., go about looking into the future? And why the need to add their own crystal gazing in that carried out by the many private and government forecasting institutes? The aim was to see "if the forecasting was sufficiently tangible to make a real contribution to the decisions on the company's social policies," the forecast group said. The report was limited but is of sufficient quality to justify study in relation to questions of policy, it added. It is too early yet to say whether the survey has fulfilled its purpose although there may be a provisional answer by the middle of next year, Dr. Winkel said. He admits, though, that there is the danger of the lengthy discussions will produce little concrete result. But even if the real purpose of the survey is not fulfilled, the effort which has been put into looking into the future will not have been wasted. "The report has made people think. It has made them look at likely developments to see whether they are a threat or an opportunity," Dr. Winkel said. Philips, like many other companies, usually restricts itself to a four-year review. This survey, which was completed in May 1978, looks 13 years ahead to 1991—not too close and not too far into the future. It is also Philips' centennial year. All the survey has been able to do is sketch some of the contours. "Very little is clear cut. There is mostly an ebb and flow with the promise at which the tide turns difficult to pick out," the forecast group says in an introduction. The nine-strong team which formed the social forecast group went to the many published works often the fruit of many years' study by groups of experts—to distil a picture of the future. Drawing on the expertise of the operational side of the social affairs department they put their own conclusions together, meeting to compare notes for an afternoon every two to three weeks.

Sources

The survey lists more than 50 written sources for material including government studies, reports by specialist government advisory groups, studies by the unions and the employers' organisations as well as academic texts. Most of the sources are Dutch, not because of Holland's advanced position in many social matters but because, since Philips is headquartered in Holland, the future is best seen in terms of that country's social structure and legislation. The survey begins with a list of assumptions about the future, drawn from the written sources and based on Philips' own experience in social matters. These assumptions are worked out in more detail in four areas: the trade unions, wages, personnel and company structures. In the final section, the 65-page report a number of points raised are checked to see if they could form the basis for policy decisions. As far as trade unions are concerned Philips foresees that they will become more involved in defending the interests of individual members. This could bring them into conflict with works councils which already operate in this area. Pension is expected to increase between the unions and their members because the unions will either conform to broader general interests or adopt radical attitudes which cannot be reconciled with economic realities. New forms of labour contract—part-time work, part-time jobs, and temporary project-related employment—will blur the concept of the "employee" and will reduce the need for identification with an organisation such as a union. Despite these problems the unions will continue to fulfil a role in society, the report concludes. In the field of incomes, the forecast group foresees a move to a more bureaucratic salary structure under the influence of increased government involvement in investment, profit distribution and wages. The unions and the works councils will gain a bigger say in setting individual incomes. The unions are naturally in favour of a more formalised income structure since this will give them a greater control of wage levels, but this trend will be opposed by senior staff. Salary structures embrace a large number of different scales which allow only small differences of salary. This limits opportunities to reward performance. Attempts by governments to narrow the range of incomes appear to be leading to the setting of maximum as well as minimum income levels. Meanwhile factors such as education and experience will count less towards determining salary levels; they will increasingly be seen as rewards in themselves. Responsible jobs for which there is great demand will also increasingly be seen, as reward enough. The leaking of the Philips' survey to the unions means that not only does the report reflect future developments, it may influence them. There has not yet been any indication that the unions will use details contained in the report to help mould their demands in the 1979 wage round, Dr. Winkel said. But reading that Philips expects a move towards a 36-hour working week, will obviously give them further encouragement in their efforts to reduce working hours. Dutch unions are in fact aiming for a 35 hour week but this has been opposed by the employers on the grounds of cost. Serious issues are raised, though, by the leaking of the Philips report, Dr. Winkel admits. If a company cannot assume sensitive information will remain confidential, how can it come to unbiased conclusions about the future?

A vision of the factory in the ideal society

BY FRANCIS DUFFY

THEY symbolise justified pride in company and product. Doing things properly is certainly the basis for fine buildings. But it is not everything. William Morris's idea of a factory as it might be was not just the shape and construction of the building. His vision also comprehended the relation of design to the technical and social processes of industry—how design supports our work and how novel forms of work call for invention in design. This is a far more difficult task for the designer, who must be imaginative enough to understand what industry is like now; even more challenging, he must try to work out with clients how it is going to change.



William Morris: a vision of factories as places of learning and amusement as well as manufacture.

Concepts

Fine examples of this kind of sympathetic design innovation can be found in Sweden and Holland where beautiful graphics and colourful space dividers have been used to reinforce concepts like the mini-production line. Take one Dutch example of the usual remorseless logic of production, concern with human factors has led to the creation of small, quasi-autonomous production units with responsibility for, and control over, the making of recognisable products. Here design, by defining the limits of the autonomous working groups, by reinforcing their identity, and by shouting out loud their importance is a vital auxiliary to management planning. This is a long way from the shortsighted attempts to use design directly to get higher productivity. It is not that the factory walls have been painted pink rather than blue, in an attempt to get people to work harder; more important, someone has decided that it is worthwhile caring enough about the workplace to do something for its occupants. Far, far more important is that the work environment has been designed to support this industry's particular combination of social and technical requirements. Design, while not a prime mover in industry, is such a potent means of convey-

"The Factory as it Might Be." While there are important historical reasons for this, in the sense of the memory of truly appalling working conditions, it is still a pity, a missed opportunity, a lost vision. Is it entirely lost? You can walk round many a factory, amid the oily detritus of production, and admire the fine housekeeping men have carried out on their individual machines. Recent studies by a social psychologist at the Cummins plant at Shotts, near Glasgow (designed by Ahrends Burton and Koralek) show that workers do not, as is so often said, prefer foul conditions. They have pride in their work and their conditions and are more than willing to express what they want if they are asked in the right way. The Cummins findings are absolutely consistent with the increasing expectations of the quality of the working environment which can be observed in Cummins plants in the United States and in other companies in Northern Europe. Why shouldn't the factory have plants and break areas like the new offices? Why shouldn't there be furniture especially designed for the factory which is bright and colourful as well as tough and comfortable? Squalor is a symptom of defeat; good conditions a sign of pride. William Morris knew this. Deep down the old socialist was quite a good householder. He knew how to make a hob or two. Like most of us he enjoyed working. He cared about the way the work was done as well as about the lovely things he made. Unlike most of us he bothered to imagine what his ideas would be like in practice. certainly could not have imagined the impact of automation, which is diminishing routine drudgery and, it could be argued, is thus paradoxically increasing the value of labour. The future factory may be more easily hidden amid flowers than Morris ever thought. It will have to be designed to cope with leisure. It may even be found in people's homes. There is strong evidence in Britain and elsewhere that our stereotypes of the industrial environment will have to change fast. Partly through technological change and partly through organisational and worker pressures we may just be approaching a world of work not unlike that described in "A Factory as it Might Be." It will not just be good production engineering that will get us there. There are three other major pressures: ● increasing expectations of the work environment, both in the factory and the office, by those who have to work there. William Morris argued that if each 19th century factory supported a useless stately home, why shouldn't a little domestic grandeur find its way into the factory? Now that offices—and even some factories—are potentially far plusher than homes, we are rapidly approaching this state of affairs. ● an increasing understanding of the way design can be used to support organisational objectives. The more novel forms of organisation we design, the more imaginative will be the use of physical elements of the work environment. ● last but not least, the pride of management in doing things properly, in running a factory as the Navy runs a ship, will increase the chances of excellent working environments for all. Greater expectations and increased awareness, novel solutions to novel organisational problems, good old commercial pride are all factors leading towards the factory as it might be. Perhaps William Morris knew about more than just making wallpaper. Francis Duffy is a partner in the firm of architects, Duffy, Eley, Clifton, Worthington.

ACCOUNTING STANDARDS—THE NEED FOR REFORM

A one-day conference to consider the Accounting Standards Committee's consultative document "Setting Accounting Standards" from the point of view of the user. Do we need accounting standards? If so, what for? Should they be set only by the accountancy bodies? Should the standards apply to everyone? How should they be enforced? If accounting standards affect your organisation you cannot afford to miss this important conference. The conference will be introduced by Tom Watts, chairman of the ASC, and speakers will include Ron Bounds, Chief Executive of Fisons Limited, Michael Lafferty, the Financial Times, K. E. Percy, Philips and Drew, and others. Monday 5th March 1979, Cavendish Conference Centre, 20 Duchess Mews, New Cavendish Street, London W1. Conference fee (including buffet luncheon) £30.00. Members of ICSA £25.00. Further details from Ted Mulhern, Assistant Secretary, Institute of Chartered Secretaries and Administrators, 16 Park Crescent, London, W1. Accommodation limited, please reply promptly. Organised by the Institute of Chartered Secretaries and Administrators.

Business courses

- Management Skills for Women, London, March 12-14. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD. Developing Managerial Effectiveness, Henley, Oxfordshire, March 25-31. Details from Henley Administrative Staff College, Greensands, Henley-on-Thames, Oxfordshire RG9 3AU. The Art of Stores Management, Bristol, March 13-15. Fee: £150 plus VAT. Details from Purchasing Economics, Pel House, 35, Station Square, Petts Wood, Kent BR5 1LZ. Practical Sales Management, Brussels, March 12-16. Details from Registrar, Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium. General Management Skills Development, Oxford, March 25-30. Details from Eurotech Management Development Service, PO Box 28, Camberley, Surrey GU16 5HR.

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Semiconductor plant to open in Cheshire BY JOHN LLOYD GEC-FAIRCHILD, the semiconductor manufacturing company Financial Times February 8 1979 CHESHIRE THE BIG CHIP COUNTY For details of industrial development opportunities in Cheshire, contact: Monty Cordwell, Industrial Development Officer, Cheshire County Council, Commerce House, Hunter Street, Chester CH1 1SN. Telephone: Chester (0244) 603154.

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Monday February 5 1979

THE INDUSTRIAL STRATEGY

By JOHN ELLIOTT, Industrial Editor

Flaws of Labour's brainchild

Tinkering doesn't help

ON THE face of it, the farm price proposals put forward last week by the European Commission seem to be a conscious compromise between the competing (and conflicting) demands of the nine member states.

Middle ground

In the past, this kind of package deal, which offers something to everybody, has often formed the starting point for an eventual agreement.

This time round, however, the Commission is in a much more difficult situation, because it is trying to solve two quite different problems simultaneously—problems, moreover, whose solutions are to a large extent contradictory.

Breaking rules for State aid

THE PUBLIC Accounts Committee has become increasingly critical of the administration of government spending programmes in recent years as it aims across more and more examples of weak financial control.

The latest batch of reports from the Comptroller and Auditor General, which will be the subject of PAC hearings this year, are a good case in point. They cover a wide range of departments and spending programmes but two items that particularly stand out relate to the administration of industrial aid programmes.

Both the shipbuilding intervention fund and the offshore supplies scheme have been criticised by the European Commission on this score. Britain is certainly not the only country to be heavily subsidising its shipyards, but the Government has itself alone to blame for having chosen to take on full financial responsibility for both efficient and inefficient yards.

A YEAR ago Ministers were anxiously trying to devise some way of breathing new life into one of their major policies so that the public would realise that the Government had a coherent and positive approach to the country's industrial problems.

This is hardly surprising because the strategy has not really touched the country's major problem industries such as steel, shipbuilding, and motors, and it has not even produced any major effects on the 40 per cent of manufacturing industry in areas like engineering and textiles that it does cover through tripartite sector working parties based on the National Economic Development Office.

Nevertheless the industrial strategy exercise has undoubtedly helped to improve relationship between the Government, companies and unions in some sectors of industry.

Much too high

The fact is that the Community does not have a common price system, and that the member states do not yet want a common price system.

But while there has been some success in generating action by the Government, it has proved far more difficult to convert the working parties' ideas into action by individual companies.

MEN AND MATTERS

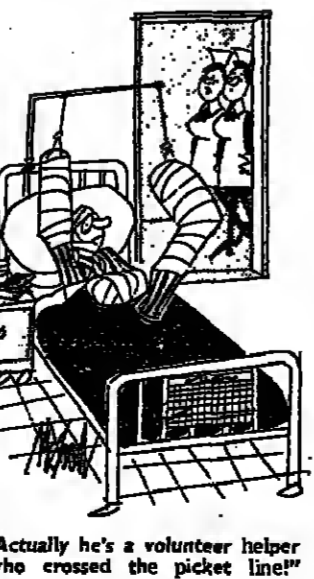
Haymaker in Wall Street

Midland Bank has aroused some incredulity in New York by its latest tactic for entering the U.S. market. Even odder, when I asked Midland's international division in Gracechurch Street, London, for a comment, the response was a blank refusal to say anything.

So the mystery remains: what provoked Midland to take a full page advertisement last week in the Wall Street Journal, proclaiming that it can give a range of international services?

With more than 14,000 banks, the U.S. takes a lot of breaking into. Lloyds, Barclays and NatWest have abandoned the arm's-length style, by acquiring local banks.

Midland is a special case. It



Actually he's a volunteer helper who crossed the picket line!

Ministers and Mr. Geoffrey Chandler, the new NEDO director general. It was also given the wrong title—with the result that sceptics now can quite justifiably say "What industrial strategy?"

The base on which the exercise operates is the regular meetings of the sector working parties which bring together some (but inevitably not all) companies in an industry together with union officials, the relevant civil servant from the Department of Industry, and a NEDO staff member.

Conservatism of banks

This year there have been fewer such requests although there have been the usual calls for a stable economic and industrial climate.

Some reports covering high technology areas have been critical of the clearing banks' conservatism when receiving requests for finance, and have encouraged the Government to push ahead with a state-backed guarantee system for clearing bank loans.

Plain speaking

A firm of London stockbrokers, perforce anonymous, is currently wondering whether to employ a young graduate who may go far in one direction or another.

At the age of 27, Marcel Dassault has plunged into the film business.

Marcel's rule

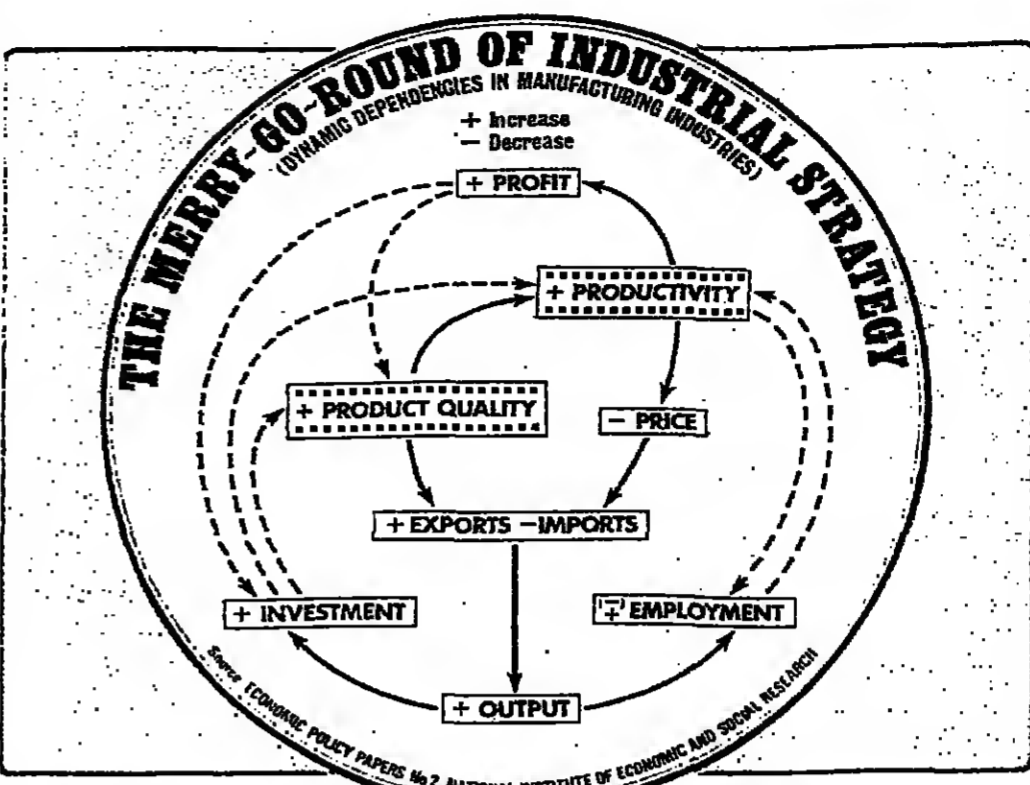
At the age of 27, Marcel Dassault has plunged into the film business. The French tycoon is better known for his Mirage jets, his forays into journalism and homespun philosophising; but in hopes of putting new life into his country's listless cinema industry,

Tiny terror

Britain has just donated Land Rovers and other equipment for locust control in Africa—as often happens, because the world recognises the rustling, horrific creatures as a pestilence that causes famine.

Artistic judgment

A reader who recently bought a small modern abstract sculpture tells me that his confidence in the purchase has been severely undermined by a letter received last week from the art gallery that sold it to him.



Based on a diagram by Mr. David Stout of NEDO the "merry-go-round" sets out some of the relationships affecting the performance of manufacturing industry.

Nevertheless, it is generally accepted that discussions in the consumer electronics working party during the past year since Hitachi dropped its plans to invest in the North East, made it easier for subsequent joint UK ventures to be drawn up between Rank and Toshiba, and GEC and Hitachi.

Subsequent ventures

The £250,000 allocated for communications last year has been spent on about eight conferences for trade unionists organised by the TUC, on other conferences, and on various schemes drawn up by some of the working parties.

The clothing industry working party has appointed retired executives as "ambassadors" to tour the country explaining the ideas in individual companies, a job which has also been done for the footwear and knitwear working parties by their own chairmen.

The most dramatic development of the year has of course been the Government's conversion to the so-called micro-chip

investment levels raised and becomes frustrated when this does not happen. It also sees the whole exercise as a stepping stone to a more planned economy with the Government and unions having a major say in company affairs.

It is this union ambition which makes the CBI ultra-cautious. There are many industrialists who, not surprisingly, fear that the discussions which companies are asked to hold with Government Departments and trade unions as a result of sector working parties are but the first step towards a compulsory planning agreement system.

In spite of such difference however, the exercise does bring both sides of industry together with the Government in a neutral and usually cooperative atmosphere both in the sector working parties and in the umbrella National Economic Development Council.

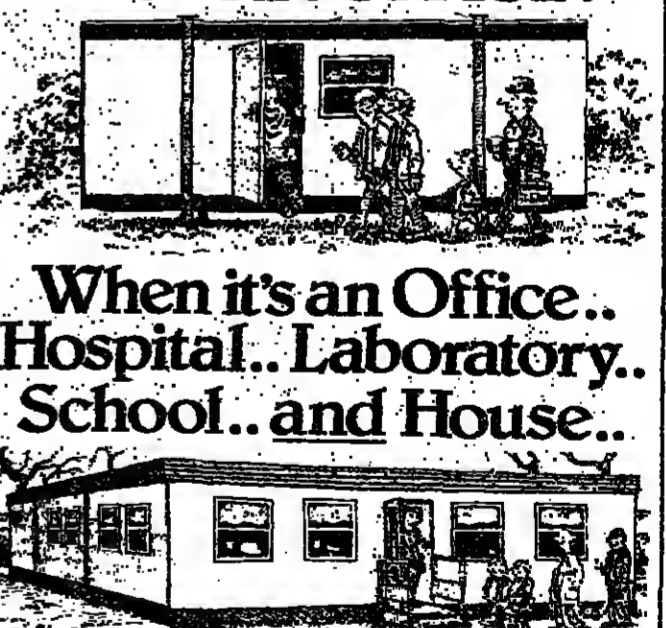
There are limitations to what the sector working parties can achieve, especially when they do not include all an industry's companies.

They also discuss which industries are doing well or badly. But they fail to go to the next stage of picking "winners and losers" and so do not suggest that State aid should be channelled into one particular sector of an industry.

But while such limitations may help the critics of the industrial strategy, its supporters can take heart from the fact that there are signs that a future Conservative Government will try to keep it going, albeit probably without all the panoply of selective industrial aid.

* De-Industrialisation. Edited by Frank Blackaby. Economic Policy Papers No. 2. Published by Heinemann and NIESR.

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FINANCIAL TIMES SURVEY

Monday February 5 1979

India

Need for firm action

By David Housego

ASKED ABOUT the current performance of India's economy at a Press conference recently, Mr. Morarji Desai, the Prime Minister, described it as "not bad, but could be better."

Heads of government rarely give such an honest assessment. But the dryness of tone is equally typical of Mr. Desai's fallings as a politician—in a country so fond of rhetoric—to restore popular confidence in his Janata Administration, which came to power two years ago in such a tide of enthusiasm.

With certainly no more under her belt in terms of economic achievements, Mrs. Indira Gandhi convinced a great many people in the last days of the Emergency that India was indeed "on the move," as her Congress Party slogans proclaimed.

Instead, today it is largely the senior officials in the Government, rather than the Janata politicians, who point out that in comparison with the admittedly slow growth rates of the decade 1965-75, India has been doing rather well over the past 18 months.

It is also mainly foreign observers who contrast the political turmoil in Pakistan, Iran and Turkey—countries with whom India has often been

compared unfavourably—with the resilience of India's political system.

To Indians, however, the image conveyed of the Janata Government is of continual squabbling between factions led by ageing leaders—with, at its heart, a quarrel now pitched up between Mr. Desai and his powerful rival, Mr. Charan Singh, who was sacked as Home Minister but has now been taken back into the Cabinet as Finance Minister and one of two Deputy Prime Ministers. For months the squabbling seemed to paralyse the Government.

Recovered

It also sank in popular esteem by allowing Mrs. Gandhi to make a fool of it by expelling her from Parliament, and then locking her up in prison for a few days after her by-election victory at Chikmagalur. The Administration has let the impression grow, whatever the official statistics may show, that violence is on the increase and more working days are being lost through strikes.

It has failed to demonstrate to the minority communities of Muslims and Harijans ("Untouchables") that it can offer them the same protection that Congress did—a point that Mrs. Gandhi has been quick to exploit.

The divisions within the Janata leadership have been reminiscent of the wrangling among the political bosses of the Congress Party 10 years ago—also a period of weak government but high rates of public investment.

The battle then, which Mrs. Gandhi won, was for supremacy over the powerful Congress machine and over Government. But since the coming to power of the diverse groups that form the Janata Party, there has been a departure from the post-independence tradition of a hierarchic Government, dominated by a single personality (Jawaharlal Nehru and his daughter), towards rule by a coalition of interests in which

Good harvests, strong exchange reserves and low inflation are among the favourable factors which should be encouraging India's rulers to make a real assault on the widespread poverty and other social problems of this, the world's largest democracy. But an irresolute Government looks in danger of letting the opportunity slip.

the Prime Minister's role is more limited. The change has now been more or less institutionalised by the appointment of two deputy prime ministers under Mr. Desai.

Whether such a system (more reflective of the diversity of the country) can effectively co-ordinate policy, has yet to be proved.

But the lack of unity within the Government has at least meant that no single faction has been able to impose its views on policy to the extent of provoking new strains in the country.

Mr. George Fernandes, the Socialist Minister for Industry, has not been able to get his way in further nationalisation, no more than Mr. Charan Singh was able to put into practice his nostalgic dreams of restoring India to a pastoral economy. As Minister of Finance, he will have more of a chance to press for allocations in the budget for agriculture and rural developments, but he will run into strong opposition if he attempts to penalise industry.

A weaker central authority has meant a part return to the original federal structure of the constitution. The States have recovered some of the powers they had under Nehru when strong chief ministers had the stature to hold their own against directives from New Delhi, and before Mrs. Gandhi shifted the balance by appointing men subservient to her to head State governments.

Though there is resistance among civil servants in Delhi to any loosening of "the steel

frame" that holds the union together, the case for greater devolution is becoming widely accepted, especially with the economic priority being given to local schemes of rural development.

But, as a result, there is already a growing distinction between States with strong administrations (Rajasthan and the Marxist Government in West Bengal) and those under inefficient management (Uttar Pradesh and Bihar). Such disparities are likely to grow as States compete with each other for resources.

The tragedy of the Janata's point of view is that its future as a National Party hangs on success in UP, Maharashtra and Bihar—States whose administrations have been weakened by the quarrel between Mr. Desai and Charan Singh.

The absence of firm direction has been less detrimental to the quality of administration than might first appear—and the private sector complains less of interference. Over the last 18 months a number of measures have been taken, for instance, to open up India's vastly over-protected economy by relaxing controls on imports of goods that compete with domestic products.

Such measures have required considerable courage because of the opposition of powerful industrial and agricultural lobbies—and because they have laid the Government open to populist charges from Mrs. Gandhi that heavy imports are running down the legacy of foreign exchange reserves that she left the country.

In similar vein, the Janata's opposition to the further growth of large industrial houses has been turned on its head by allowing them to invest in new cement plants to make good local shortages.

A policy of withdrawing assistance from exporters in last year's budget is now being reversed under the shock of finding that export receipts have dropped this year.

There is a growing list, as well, of companies being allowed to bring in foreign technology. All this points to decisions either being taken by minister or by senior officials and to realism gaining the upper hand over political rhetoric—though, without doubt, the uncertainty of the continuing political crisis has taken its toll on efficiency.

Along with the opening up of the economy, there has been some improvement in the overall growth rate. GNP has expanded at an average of 4.5 per cent over the last five years, compared with a trend rate, post-independence, of 3.5 per cent.

The 7.4 per cent growth in GNP in 1977-78 is expected to be followed by about a 5 per cent growth this year, with industrial production picking up and agriculture benefitting from unexpectedly good winter rains.

New investment has come almost entirely from the public sector, but, with capacity utilisation increasing, it should not be long before the private sector increases its outlays as well.

What this encouraging picture

conceals is that there seems to have been virtually no increase in per capita consumption of food over the past decade—meaning that nearly half the population of 600m are as poor as ever. There has also been virtually no reduction in the number of unemployed or under-employed—now about 41m. In a country like India, these are as important yardsticks of development as aggregate production figures.

Dropped

Against such a background of continuing poverty and unemployment it is all the more ludicrous that India should now be in the position it is of having more resources than the Government knows what to do with. The combination of high foreign exchange reserves, ample food stocks and savings as a proportion of GDP exceeding investment, means that over the past 18 months India has been freed of the main constraints that have held back the economy in the past.

It also represents an opportunity unique since independence. In addition to these resources, the Government would have no difficulty in tapping additional foreign assistance or finance that donor nations and banks are anxious to thrust on it.

The high level of surplus domestic resources stems basically from depressed levels of demand and consumption in the rural areas because of the large numbers of people living at subsistence level. The Government view is that additional invest-

ment beyond what is in the pipeline would create excess capacity.

It has thus set a modest annual average growth target in the new Five Year Plan (1978-1983) of 4.5 per cent a year. This is below what it has attempted to most previous plans, below the growth rate of south-east Asian economies and well below the seven per cent target that the Janata Party adopted in their manifesto.

The unwillingness to push ahead with higher levels of investment arises from old taboos, still cherished by a conservative administration, the fear of a new bout of inflation (though wholesale prices are now hardly above last year's level because rural purchasing power is still low); reluctance to depend on foreign aid because of its political vulnerability; a gospel of continuing self-sufficiency that the Chinese are throwing off with more gusto.

The economic priorities of the plan are rightly on raising rural incomes and hence demand through creating more jobs. But unless State governments—and, in particular, in poor provinces, such as UP and Bihar, which together have a population of 180m.—are bailed into coming forward with more development projects (more roads, for instance, to open up their isolated villages and which immediately create more construction jobs), rather than being told that funds are not available, the risk is that the food surplus will climb higher as production increases with new irrigation projects but is not matched by increases in consumption.

Industry could also find itself short of markets as it did from 1965-75. At the same time, without active measures to diminish the income gap, the already strong current of violence between the "haves and have-nots" is likely to grow.

Probably the major legacy of Mrs. Gandhi's rule was to awaken the poor to the chances

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of improving their lot through political action.

In the south, the growing political consciousness of the Harijans and the lower castes has brought governments to power which have promoted their interests. This appeal to the poorest has been the basis of the Congress Government in Karnataka and why Mrs. Gandhi chose to stand in a by-election there.

In the Hindi-speaking belt of the north, the Harijans have come into conflict with the increasingly prosperous peasant class of UP and Bihar—the Jats, Ahirs and Khumisp—who look to national leadership from Charan Singh.

The victory two years ago was locally a victory for this class and they have since used their control over state governments to try to consolidate their political position by reserving more jobs in government service for their members. Their measures to this end have provoked great bitterness and brought the upper castes and the Harijans in alliance against them.

The bitterness has been renewed in continuing violence in Bihar and UP—destruction of Harijan's houses, the forcible

CONTINUED ON NEXT PAGE

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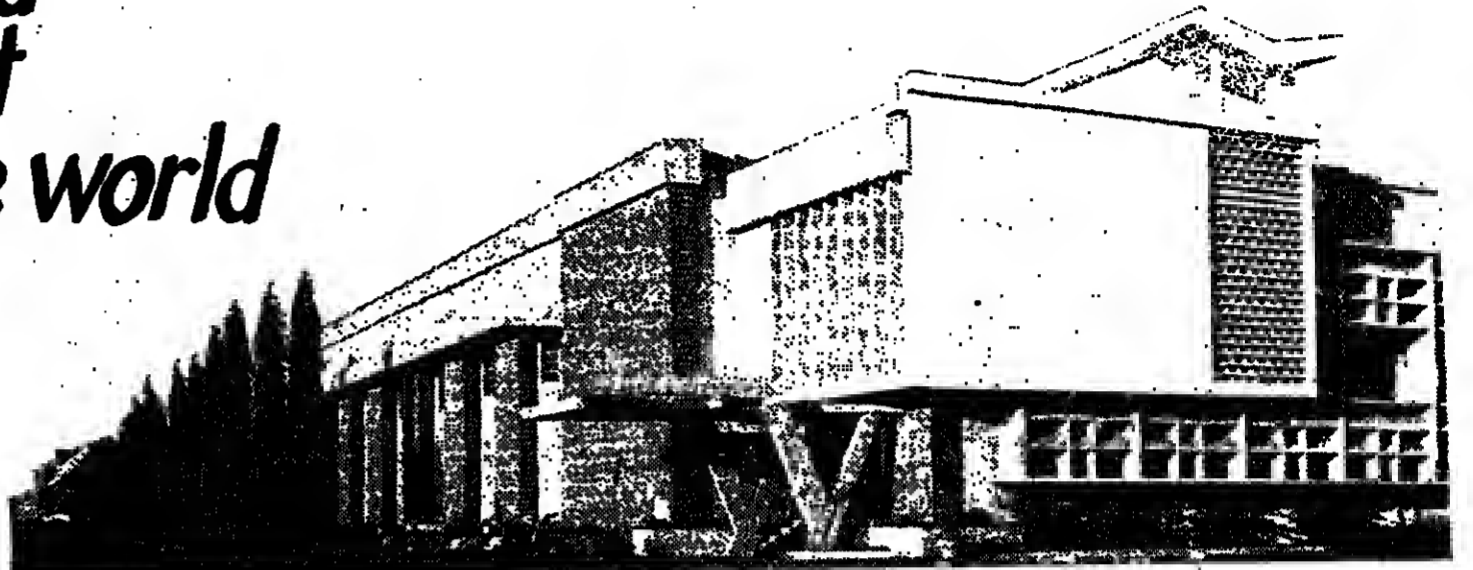




THE SHOWPLACES GROUP OF INDIA
PALACES-HOTELS

| LOCATION | NAME | |
|---------------------|--------------------------------|---|
| PALACES | | |
| Jodhpur | Umaid Bhawan Palace | In Operation |
| Mysore | Palace Rajendra Vilas Imperial | Operation Planned |
| Ootacamund | Palace Fernhill Imperial | Operation Planned |
| Mussoorie | Chateau Kapurthala | Operation Planned |
| Udaipur | Pichola Island Palace | Construction Starting Shortly |
| WELCOMHOTELS | | |
| Madras | Chola SHERATON | The Showplace comfortably like home, delightfully unlike it |
| Agra | Mughal SHERATON | The Showplace Resort for the Taj Mahal |
| Delhi | Maurya SHERATON | The Premier Showplace Garden Resort in the heart of the Capital |
| Bombay | Searock | The Sea Resort Fun Showplace of Metropolitan Bombay |
| Jaipur | Mansingh | The Showplace Rajput Fortress in the Pink City |
| Hyderabad | Banjara | The Showplace in the City of Minarets |
| Aurangabad | Rama International | The Showplace Resort for Ajanta and Ellora |
| Kathmandu | Kathmandu | The Showplace on the Road to Everest |
| Goa | Cidade Dona Paula | Under Construction |
| Bangalore | Windsor Manor | Under Construction |
| Delhi | Siddharth | Under Construction |
| Varanasi | Varuna | Under Construction |
| Andaman Islands | | Construction Starting Shortly |
| Khajuraho | | Construction Starting Shortly |
| Calcutta | Pala | Proposed Plan |

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they knew
they were
second
largest
in the world



The House of Bajaj

There are all sorts of interesting charts at Bajaj Auto.

One shows a steady increase in production; from 21,000 scooters ten years ago to over 118,000 last year.

Which makes Bajaj Auto the second largest scooter manufacturer in the world.

The 'Investment Value' Graph

For ten years this chart has followed the dramatic climb of the market price of our equity share, from Rs 100 to Rs 2400 today; which is about US \$ 12.50 to US \$ 300.

The Company's turnover in 1977-78 was Rs. 589 million (US\$72 million) with a pre-tax profit of Rs. 106 million (US\$13 million).

On the other hand...

The demand and supply position is unusual. It reveals a waiting list that is ten years long, despite the ready availability of various other brands.

Exports, priority allotments against payment in foreign exchange and supplies to our Indian licensee took away almost 80% of production last year, leaving few scooters for delivery against our waiting list.

Indonesia and Taiwan have solved the problem rather neatly by making their own Bajaj scooters under licence.

Which is understandable. For the greatest test of quality must surely be time.

Bajaj scooters have clocked over a hundred million kilometres in countries abroad. Over mountains, across deserts and down some of the wettest slopes you've ever seen.

In India, you could make that billions of kilometres. On roads and village paths.

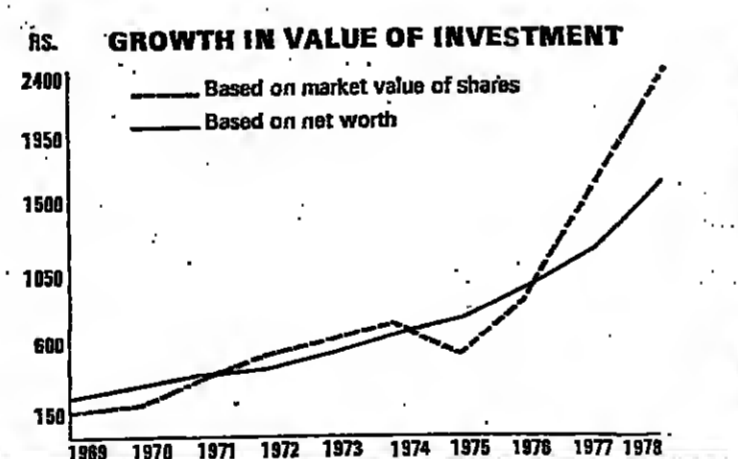
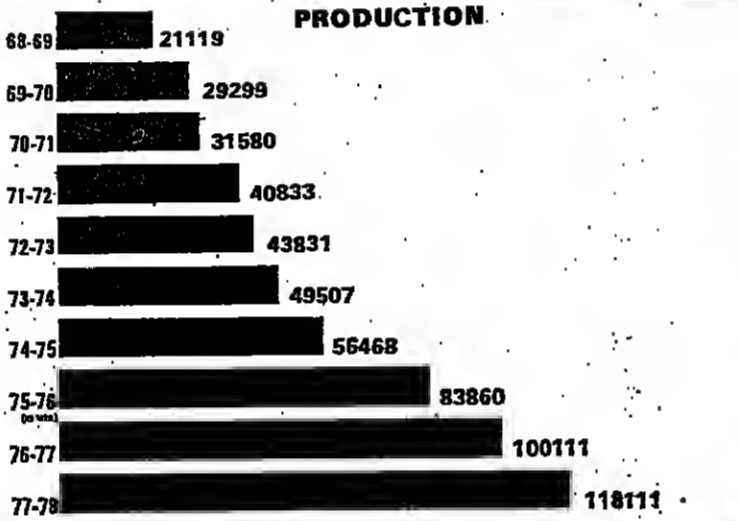
Such performance is largely the result of ruthless quality control and 100% checking on every engine that goes into Bajaj scooters.

A battery of dynamometers makes sure you get all the power and mileage you pay for.

Yet, we are trying harder. The company is working vigorously on its plans to double scooter output in the next couple of years.

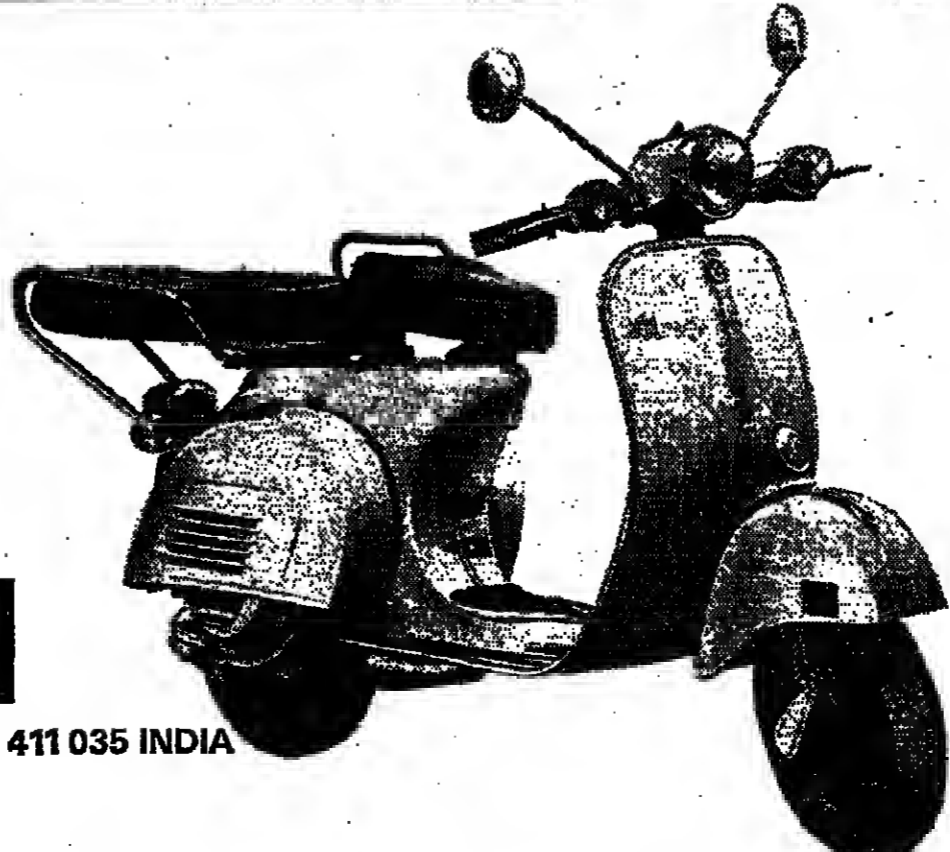
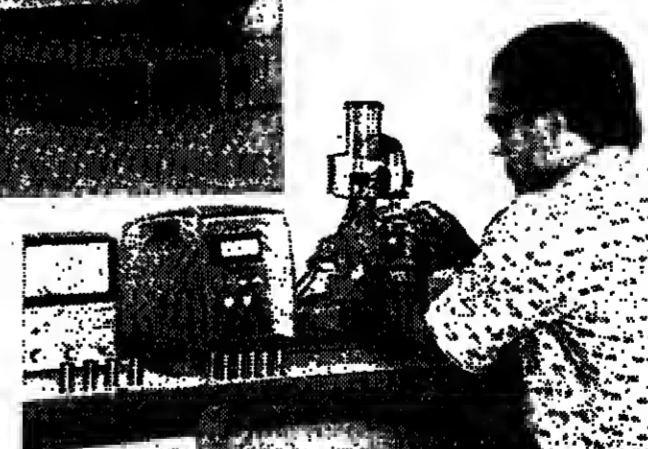
New production bays are already coming up.

Which is certainly good news for the thousands of people out there who are patiently waiting for the best scooters in the world.



Starting in 1926, the Bajaj group's wide-ranging interests now cover manufacturing, marketing, investments and real estate. Individual companies are concerned either with industries which help to strengthen the basic industrial infrastructure of the country or in making consumer durables more widely available. Total turnover last year exceeded Rs 2,000 million and the companies employed over 20,000 people

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- HINDUSTAN SUGAR MILLS LIMITED**
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- UDAIPUR CEMENT**
Portland cement.
- BAJAJ ELECTRICALS LIMITED**
Markets domestic and industrial appliances, lighting equipment, motors, pumps.
- HIND LAMPS LIMITED**
GLS bulbs and fluorescent lamps, components.
- SHARDA SUGAR & INDUSTRIES LIMITED**
White crystal sugar
- BECO ENGINEERING COMPANY LIMITED**
Machine tools, iron and steel bright bars, castings and forgings, agricultural implements.
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- BACHHRAJ & CO LIMITED**
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- KAYCEE INDUSTRIES LIMITED**
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INDUSTRY

INDIA V



Steel tubes in the making at Bharat Steel Tubes factory in Ganaur, Haryana. The factory can produce 200,000 tons of tubes a year

Test of confidence

MR. GEORGE FERNANDES, Minister of Industry, has recently been publicly giving himself a pat on the back. This is partly because of improved production in 1978 after a relatively dismal performance the previous year and partly because he thinks that both his and the Government's image badly need to be improved. Yet there are still many imponderables on the industrial scene, and private industry and independent observers do not share Mr. Fernandes' exuberance while acknowledging the dynamism he has undoubtedly brought to his charge.

Overall industrial production is said to be running at the satisfactory growth rate of over 8 per cent and thus maintaining Mr. Fernandes' target of 7.5 per cent in 1978-79 compared with the meagre 3.5 per cent registered the previous year. But demand constraints have given way to supply difficulties. There are now shortages of some industrial raw materials—especially steel and power—which are being partly met through imports. The pickup in demand for consumer durables is not nearly as good, and there is considerable surplus capacity in items like refrigerators and others catering to what some like to call "elitist" demand. The "organised sector," reflected in the official industrial production index, is being closely monitored and is, on the whole, doing much better than in 1977, although the improvement is over a low base.

But the Government's success or otherwise in industry will be judged not so much by how far it has been able to remove the constraints that held up progress two years ago or the percentage increases that some sectors are apparently showing. The test it must subject itself to is the success in translating into practice its policy of encouraging small and rural industries and thus making a dent in the employment problem that it has promised to eliminate in a decade (of which two years are nearly over).

Confidence

It must also answer how far it has inspired confidence in the private sector as it has traditionally been defined, and this means the relatively large units in whose hands are critical areas of the economy. The Government will also have to answer for the sudden deterioration in the performance of the public sector to which a dominant role continues to be given.

Private industry can hardly be said to be happy with Mr. Fernandes' recent pronouncements favouring nationalisation of such key sectors as steel, aluminium and motors. He wants this ostensibly on the ground that these industries have not tried to make technological advances. This is substantially true of the motor industry, although it has not

recently been encouraged to do so in a sheltered market for products that largely serve the better off. Yet suspicions of populist motivations in Mr. Fernandes' pronouncements must be strengthened when he refers to steel where just one of the five integrated plants is in the private sector (Tata Iron and Steel) and even there the equity holdings are widely dispersed. As Mr. J. R. D. Tata says, the concept of a mixed economy is in danger.

If steel availability has emerged as a constraint—the Government has decided to import 1.1m tonnes to meet the shortage—it is because of the poor performance of the public sector plants. These, in turn, blame the public sector coal industry for failing to meet their needs. It is also due to poor investment decisions in the past, which have meant that additional capacity is coming up slowly. The result is that the target of saleable production during 1978-79, set at a relatively low 1.2m tonnes, is unlikely to be achieved despite the increase in production.

The private sector, of that segment of which is described as the "large house" still faces uncertainty and is holding back on investment decisions. Recently, for instance, the guidelines on debt-equity ratio were changed to encourage them to find their own financial resources. Public financial institutions are now barred from coming excessively to their aid. There are sound reasons for this since the large houses seemed to have bagged a disproportionate share of public funds for their growth.

But this comes as part of the policy virtually to freeze their capacities at existing levels. At the same time, the Government is taking "pragmatic" decisions and encouraging the private sector to enter areas like cement and power generation; the large houses have licences in these sectors. This is a tacit recognition that there is a role for established private industry, mainly because of its managerial experience. But because of the official ambivalence, combined with lack of political will, its investment decisions are being held up.

Private industry, in fact, complains of constraints that are common to all sectors of Indian industry. These are among the reasons for the poor performance of the public sector also. Low coal production has hampered not only the efficient running of the railways and thereby caused a transport problem but also continues to affect power supply and steel output.

The power situation now is not as acute as it was—there has been a rise in generation by an impressive 14 per cent over the last year—but this is mainly due to hydro stations and not thermal, which continue to operate well below capacity. Remedial measures are being

taken, including import of generating equipment and installation of new capacity, but power shortages remain and retard industrial production.

So does labour unrest. Government efforts to prevent strikes and lockouts have proved largely unsuccessful, while inter-union rivalry continues and the new Industrial Relations Bill remains stalled in Parliament. In the latter part of 1978 and early this year there have been such major events as a dock workers' strike and bank workers' agitation which are threatening to cripple the economy. If bank workers begin an indefinite strike this month, the effects will be disastrous. The overall labour situation may be judged from the fact that in the first half of 1978, the number of man days lost was just over 8m, compared to 8.12m in the same period of 1977.

That industrial production has, nonetheless, done as well as Mr. Fernandes claims is remarkable. The growth rate in 1978 was maintained even after devastating floods twice inundated areas in the northern and eastern states and further enfeebled coal production by hitting the mine belt in Bihar and West Bengal.

There was, for instance, record production of cotton yarn in the textile industry, which increased by 9 per cent in the first nine months. Production of cotton cloth from the "organised sector," as mills are popularly known, increased by just over 2 per cent, suggesting that there was a substantial increase in the production of handloom and powerloom cloth. This does not mean that the new textile policy, which gives a pivotal role to the National Textile Corporation, is yet a success.

Linchpin

But it does show that the industry which has the largest weightage in the industrial production index is functioning promisingly. Other sectors which have done well despite the constraints on production are aluminium, cooking fat, jute manufactures, fertilisers, oil and natural gas, commercial vehicles and tractors—many of which were lagging behind just a year or two ago.

Little is known, however, of the performance of the small units which are the linchpin of the Government's new industrial policy in the belief that they are employment generating. A planning commission study shows that small industries account for a third of the industrial labour force with only 6.5 per cent of total fixed capital. Units in the new "tiny" sector—with an investment of less than Rs 100,000 (£6,200)—account for 14 per cent of employment with no more than 2 per cent of the total fixed capital.

It is also estimated that investment required to create

one job in the small sector ranges from Rs 4,000 to Rs 6,000; on the other hand, heavy and large-scale industry requires Rs 40,000-60,000. Yet it is also acknowledged that "sickness" and the mortality rate in the small-scale sector is extraordinarily high—although precise figures are not available since these units do not have to be licensed or registered.

Since small units die young because of the inexperience of the small entrepreneur, Mr. Fernandes' answer is the creation of the District Industries Centres (DIC), which he hopes will be established in all the country's 500-odd districts within a year. Under the single roof of the DIC, it is hoped to provide all possible support needed by the small entrepreneur, right from the project investigation stage to provision of equipment and machinery, training, credit and marketing facilities.

Much hope is pinned on the success of the DICs, and this is the reason for the speed with which they are being established. This has caused some disquiet since the Central Government is providing finance for this scheme without really starting a pilot project to determine whether it will be successful. The DICs are meant, after all, to assist the small entrepreneur to cope with his problems; the manner in which they are being spoken of gives the impression that they will be promoters of small industry, a role which is not intended for them. They are already a plethora of organisations for this purpose, both at central and state level.

The urgency is partly because the Ministry of Industry has moved briskly on the policy level. Apart from the announcement of a new integrated policy, it has reserved something like 600 sectors for small-scale units. This is a major gamble, since it means that additional capacity in these is being left to virtually inexperienced hands and amounts to a commitment to decentralise entrepreneurship as a basis for industrial development without really ensuring that the requisite infrastructural and other facilities are available. The move is in line with the socio-economic objectives of the Government and is not based on economic reasoning since a couple of years ago as many as 30,000 small units were said to be "sick."

Approach

This is being attempted at a time when the functioning of large industrial houses and foreign companies is being severely limited unless they invest in line with the Government's priorities. Export-oriented units in "backward" areas or in the "core" sector. The Government plans legislation to bar the entry of the large houses into areas reserved for the small sector. Mr. Fernandes says the Government has a two-pronged approach. In the short run, the production capacities of large manufacturers will be frozen at existing levels. In the long run, they will have to bring down the level of production progressively and ultimately vacate the areas of manufacture.

In this context, the public sector is expected to provide a degree of countervailing power to the growth of large houses. Not only is it expected to produce important and strategic goods of a basic nature; it is also to be used as a stabilising force for maintaining essential supplies to the consumer. The public sector also has the responsibility of encouraging development of ancillary industries and contributing to the growth of decentralised production by making available its technological and managerial expertise to small and cottage industries. Unfortunately, this policy decision has been taken at a time when the collective profits of the public sector have fallen sharply for the first time since it broke even five years ago.

As far as India's other neighbours are concerned, the conclusion of transit and trade treaties with Nepal has marked a significant achievement for both sides. Likewise, where there had been fears in New Delhi about Bangladesh a year ago, these have now become less obvious as the country heads for elections and in the wake of an accord over the sharing of the Ganges waters.

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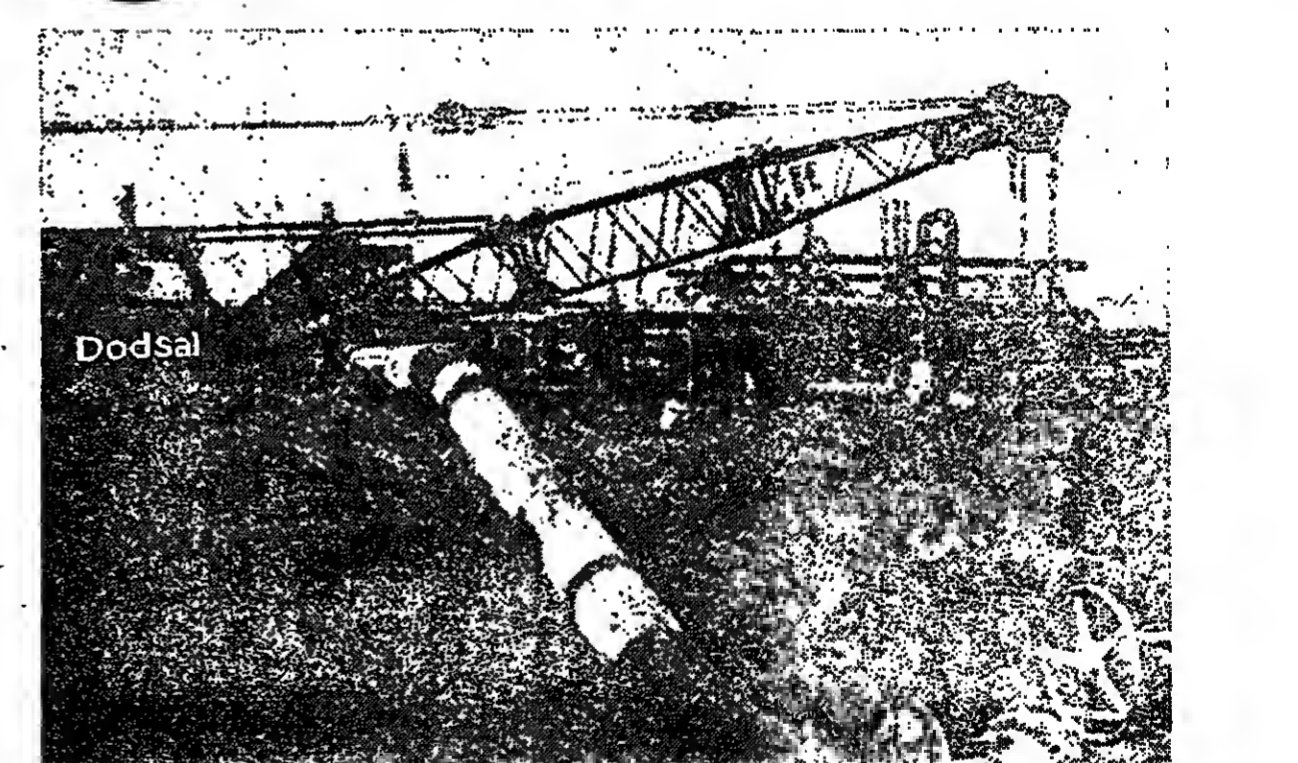
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Foreign policy

tan have been mixed, which makes them better than 12 months ago, but again the year ended on a sour note. Mr. Vajpayee visited Islamabad in February, the first Indian Minister to do so in 16 years, and after a visit to New Delhi in April by Pakistan's adviser on foreign affairs, Mr. Agha Shahid, the two countries reached agreement on the design of a hydro-electric project in the still disputed Kashmir area.

But despite other positive signs—India sent sports teams to Pakistan, Pakistan purchased wheat seed from India and both countries agreed to establish additional consulates—the old antagonisms remain. The two countries twice failed to reach a trade agreement. India was

embittered by Pakistan's attempt at the UN Disarmament Conference to gather support for the idea of a nuclear-free zone in South Asia. And Pakistani statements on Kashmir provoked a strongly worded response from Mr. Vajpayee which he then had to correct.

Antagonise

Mr. Vajpayee's justification for India's continued purchase of Jagan strike aircraft—he said Pakistan had decided to purchase F-3s from the U.S.—is a patent untruth—antagonised Islamabad almost as much as the deal itself, which was plainly aimed at Pakistan. However, with the troubles in Iran and the conclusion of a defence and co-operation treaty between

the Soviet Union and Afghanistan, the possibility of an aircraft deal between Pakistan and the U.S. obviously looked greater, particularly as Britain's introduction of new arms technology in the region opened the way for the U.S. to bypass its own arms control legislation.

As far as India's other neighbours are concerned, the conclusion of transit and trade treaties with Nepal has marked a significant achievement for both sides. Likewise, where there had been fears in New Delhi about Bangladesh a year ago, these have now become less obvious as the country heads for elections and in the wake of an accord over the sharing of the Ganges waters.

The hungry millions multiply

WHEN THE Janata Government came to power two years ago, it was officially estimated that there were 20.6m unemployed in the country, of which 16.6m were in the rural areas and 4.1m in the urban. Projections show that the labour force will increase by 29.5m people in five years, or something like 6m a year. The Janata Government has rashly promised that it will eliminate destitution and unemployment within a decade, of which two years have gone. If anything, the employment problem has worsened.

It is a sobering fact that even if the industrial growth rate remains at an average of 7 per cent annually and this has never been achieved—it will absorb just 260,000 of the unemployed annually. The Government has thus rightly underscored the need for employment-oriented policies through rural development and labour-intensive industry. The fly in the ointment is not formulation of policy but its political acceptance and effective implementation, and this is nowhere in sight. Even the Janata's Plan for 1978-83 remains stalled and its draft is unlikely to be approved before March or April.

In the meantime, the population continues to rise by well over 2 per cent annually. Reliable figures are not available and the exact number of India's teeming millions will be known only after the next census in 1981. But since birth control has not been one of the successful programmes, the population could today be anything between 650m and 680m. The alarming point about this is that not only does the growth rate show no sign of falling but that malnutrition remains widespread despite the attempt to extend health services and increase consumption. No dent has been made in the problem of people below the "poverty line," somewhat arbitrarily defined as income below Rs 80 (\$10) a month. About 40 per cent of the population remains near starvation level, or something close to the staggering figure of 280m.

If economic growth is slow, the other method to improve living standards is to check the population growth rate so that availability is concentrated among fewer people. It is now officially admitted that "family welfare," the euphemism for

birth control, has lost the momentum it gathered in two decades. The birth rate is estimated at a high 3.4 per cent, far from the "target" of 3 per cent, which itself is by no means low. The gains of economic growth are thus fast being eroded by the growing population, while birth control suffers on account of political vacillation. There has been no Minister of Health and Family Planning since Mr. Raj Narain quit the Cabinet last July.

Not that Mr. Raj Narain was particularly effective. Indeed, by his talk of indigenous systems of birth control, he became the subject of ridicule, and was started saying that family planning was suffering as much from the "Raj Narain effect" as it did from the "Sanjay effect." This is not being entirely fair to him since the fatal blow to family planning was dealt by Sanjay Gandhi and his forcible sterilisation programme during his mother's Emergency rule. The programme has still to recover from the setback it received then.

As Mr. Kavoori, executive director of the Family Planning Foundation, put it recently, the Emergency meant not so much setback to the programme as a change in the nature of the problem. It is no longer individual taboos which have to be overcome but a complex collective resistance which the politicians do not quite know how to overcome. This is the real measure of the damage done by the Emergency, which frittered away the gains of two decades of effort. Before the emergency, family planning did not enter the calculations of political survival as they now do. The Janata Government has been forced to let the family planning programme slide since the scars of Sanjay's forcible sterilisation remain.

Things are such that officials fear that the birth rate will go up rather than down if the present trend continues. It may reach 3.5 per cent instead of coming down to 3 per cent by 1983, as the Minister of State for Health, Mr. J. P. Yadav, recently admitted. In 1978-79, for instance, plans were to bring 8.6m people under various family planning schemes. So far just a seventh of this has been achieved. During this period, it was hoped to sterilise 4m people; up to the end of November, the number steri-

lised was just under 650,000. This is a repetition of the progress, or lack of it, made in 1977-78.

Mr. Yadav admits that the "overall" performance picture continues to be unhappy despite all the efforts that have been made to put the programme back on the rails. With compulsion ruled out, it had been hoped that with the repeated commitment made by the President and the Prime Minister to family planning, the country would accept various other methods of contraception. Unfortunately, even this has not happened. Doctors have been found to be as inhibited as others in suggesting birth controls, and they were considered to be the best "motivators." Their hesitation is also linked to the stigma they earned during the Emergency.

A slight improvement is that the programme is now officially back in favour—one sign is the replacement of the euphemism "family welfare" by family planning. January was observed as "Family Planning Month" as a part of official programmes associated with the Year of the Child. Efforts are being made to give incentives to doctors and to associate groups like trade unions, the organised sector of the economy and private groups. The State Governments are raising "incentives." Madhya Pradesh, for instance, has increased the amount paid to people volunteering for vasectomy and tubectomy operations from Rs 70 to Rs 125.

The age for marriage is to be raised to 18 for women and 21 for men. If a woman has her first child after 21, she will be entitled to a gift of Rs 100. If the second child is born after an interval of four years, and if the couple accept some method of birth control, they will then get another Rs 200 (in addition to the Rs 125 they can expect if one of them is sterilised). People who "motivate" others to be sterilised will get Rs 15 for each vasectomy and Rs 10 for each tubectomy operation. This is a significant step forward, because such "motivation" was widely misused during the Emergency and made sterilisation a greatly feared operation. After some prodding—including an urgent message from J. P. Narayan—the Government is

showing welcome signs that India has no alternative but to decelerate the birth rate sharply. Mr. Yadav says that the target is to achieve 25m sterilisations in the next five years, which means roughly an increase to five times the present rate. In view of the suspicions over sterilisations, particularly in the Hindi-speaking northern States, where Mrs. Gandhi's Congress Party was wiped out in the 1977 general election just because of her son's activities, this seems an impossible target. Yet the fact that the Government is no longer afraid to use the word "target" in this context is hopeful.

In fact, one of important measures taken by the central Government is the instruction sent to the states that they must assign "targets" to field workers, including doctors, and not just "levels of performance" as they were asked to achieve after the emergency. It has also told the states that as much as 8 per cent of financial assistance to them for development will be linked to their "performance" in the field of family planning. The states have been asked to revive "sterilisation camps," when family planning fortnights are observed, but how far this will be carried out remains to be seen since it is reminiscent of the emergency.

Privately, some Ministers even say that eventually some kind of compulsion will have to be resorted to, although they are unwilling to say so openly. Such attitudes could, however, retard the programme since there is already the phenomenon of a collective resistance to tackle. What is also disconcerting is that the central Government is leaving the programme almost entirely to the states, and certainly the answer does not lie in passing the buck. As a family planning expert says, the least the central Government can do is to work out a truly national programme, complete in terms of the goals to be adopted, the funds available for it and the suggested means for the realisation of targets. Only then will it be possible to achieve the theme of the family planning month: "Delay the first, space the second and stop the third."

K.K.S.

FLOODS

The waters roll on unchecked

FLOODS BRING devastation and tragedy every year to northern and eastern India, and it is remarkable how quickly they are forgotten. Flood control measures have been taken since 1954, and yet when the annual visitation comes there is an air of total bewilderment in officialdom. Just as surely as floods will come after a plentiful monsoon so will there be fresh plans for flood control, new arrangements for relief, promises of higher outlay on dams and embankments.

Last year's floods were undoubtedly the worst the country has experienced in living memory, and the States affected are still recovering from them. At a conservative estimate, about 2,500 lives were lost, 67m people were affected, 21m head of cattle died, 9.3m homes were washed away and 9.2m hectares of crop land were submerged.

West Bengal was the worst affected. Swept by three waves of floods in less than eight weeks, nearly three-quarters of the state was under a vast sheet of water for nearly a month. The damage is estimated at nearly Rs34bn. The magnitude

of the Bengal disaster is such that it eclipses the enormous damage in other northern states like Uttar Pradesh, Bihar and Delhi earlier in the year and Tamil Nadu just last month.

Predictably, the central Government's response was to express concern over the amounts demanded by the states for relief, with West Bengal alone seeking Rs3.5bn. Even though the heavy expenditure of Rs4bn was eventually disbursed among the affected states which suffered damage, this was not nearly enough. Indeed, many of the states argue that this will affect their future development, since under the formula for assistance to areas hit by natural calamities, disbursements come as "advance plan assistance" and thus use up central aid for development programmes before it is actually due. The formula has now been revised, but the new dispensation will come into effect this year and much irretrievable damage has been done.

The pity is that the tragedy could have been at least partly avoided if the Government had

only fulfilled the lofty promises made over the past three decades. It has been known for some time that about 25m hectares are subject to annual inundation, that the yearly damage from floods is of the order of Rs 18bn (\$1.1bn), the aggregate loss up to 1975 being a formidable Rs 369bn (\$22.9bn). An awareness of the dimensions of the disasters prompted the creation nearly three years ago of a National Floods Commission. This was expected to take into account conditions in the Ganges and Brahmaputra basins, suggest short-term preventive measures and draw up a long-term plan to correct the imbalance of nature. This can no longer be ignored, since water management is vital in a country which suffers from both drought and floods, sometimes in the same year.

After last year's disasters, there has been some speed in formulating plans for flood control. While the recommendations of the Flood Commission are awaited, a working group has quickly worked out schemes for the most prone areas. These involve the heavy expenditure of Rs 172bn (\$10.7bn) more than double that provided for in the Draft Plan for 1978-83, at a time when the pressure on scarce resources for other development schemes is great. It also faces the usual hurdle that for the moment there is no pressing need, since the next floods are still six months away and politicians are preoccupied elsewhere.

Decisions

But clearly something on this scale is needed and, given the political will to take unpopular decisions, there should be little difficulty in enlisting the support of the World Bank and other international agencies to make what is, after all, an investment not only in development but avoidance of human tragedy. The World Bank has expressed its readiness to help, but political considerations arising out of the dispute with Bangladesh over sharing of the Ganges waters is blocking a decision.

The working group has suggested integrated development of the Indo-Gangetic basin covering the northern States, and it wants its proposals to be implemented within five to seven years. Eighteen flood-prone river basins have been identified. The report envisages protection of 5.5m hectares from floods by engineering works and coverage of 3.36m hectares of catchment of flood-prone rivers with soil conservation and afforestation and ancillary works during the current Five Year Plan period.

Considering that the problems of floods has been studied for nearly three decades and the first control measures were included in the Five-Year Plan, the achievement is pitifully small. Less than 8m hectares out of the 25m hectares liable to floods have been protected with a nominal expenditure of just Rs 400m by the States since 1954. This despite the present assessment that of the 25m hectares liable to floods as much as 20m hectares can be protected.

Surely India cannot afford to get by just on the expensive and ephemeral relief measures which contribute nothing to growth and are needed only because the basic problem of water management has been ignored? Unfortunately, the visionaries are now no longer vocal. The former Irrigation Minister, Dr. K. L. Rao's ambitious scheme for a national water grid with a 2,000-mile canal from the Ganges to the Cauvery to transfer surplus monsoon flows to arid zones through a combination of pumped and gravity channels and making use of natural courses and existing or proposed reservoirs has been forgotten.

Revised versions have since been suggested by private engineers in Bombay and Bangalore, and the Prime Minister has spoken enthusiastically of the "garland scheme," which hopes to establish a ring of harnessed water around the country. These are expensive and tend to get pushed back by schemes that yield quicker results, but sometimes it is better to look for long-term gains—especially if it will help to avoid bringing millions under water again.

K.K.S.

TVS: Right from the first ride, the first position... in auto-ancillary industry in India



What started as a mere bus service 67 years ago, developed into India's pioneering organisation in auto-ancillary industry.

Put the clock back. To 1911. To Madurai, a place 300 miles from Madras... A strange looking monster sports and starts, a few adventurous souls climb on board.

That's the first ever bus service in South India.

And by opening that service, young TV Sundram Iyengar does more than take his passengers for a ride.

He opens the first chapter of the Indian Automotive Industry.

Registered as 'TVS' in 1912, the bus service company continues to flourish—to become an auto spare dealer in 1921.

Come 1929, the organisation is big enough not only to become a limited liability company but also is appointed a direct dealer for General Motors in India.

The Second World War, a victory for TVS

Petrol becomes scarce... TVS introduces gas plants so that charcoal gas can be utilised instead.

Spares and accessories too become scarce... TVS opens service stations—to meet the shortage of reconditioning and rebuilding of motor spares.

The network of spare parts

and service outlets lays the foundation of the future growth of TVS

Right on top gear

TVS expands and develops into a dynamic group of companies to offer a fully comprehensive service to the automobile and road transport industry in India.

And a move to Britain

By now, the quality and services of TVS organisation have become so well established in the Indian sub-continent that the name and fame have started spreading overseas... World-reputed

manufacturers in the field begin to show interest — and in the early sixties, TVS starts joint ventures for its various manufacturing units at Madras—with leading British organisations.

Wheels India Incorporated in 1960. In technical collaboration with Dunlop Limited, UK. From this unit, roll out wheels for India's commercial vehicles, passenger cars, jeeps, tractors, rollers for tanks and even wheels for India's animal drawn vehicles!

Lucas-TVS Limited Incorporated in 1961. As a joint venture of TVS and Lucas Industries Limited, UK. This unit specialises in the manufacture of the complete range of automobile electrical equipment.

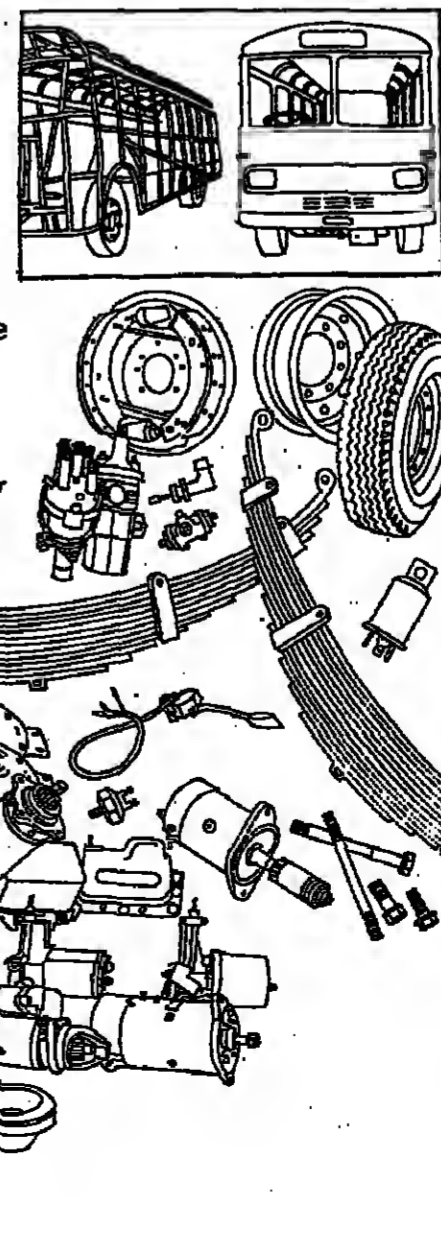
Brakes India Limited: Formed in 1962. As a joint venture with Girling Limited, UK. This unit manufactures a complete range of foundation and hydraulic brake and clutch actuation equipment for cars, commercial vehicles, tractors, earth-movers, tanks and off-highway vehicles.

Sundaram Industries Limited: (Rubber Division)

This TVS unit, established in 1962, also makes a major contribution to India's automotive industry by making specialised rubber components according to customers' specifications, designs and dimensions. The unit also caters to the needs of other industries—as diverse as mining, electronics and textiles.

What TVS is today:

The Group's other important manufacturing activities,



established in collaboration with leading overseas manufacturers, include air-assisted braking systems, high tensile cold forged bolts and nuts, both for automotive and non-automotive industries—and organic friction materials for automotive and industrial applications.

Armed with a staff strength of over 18,000, TVS Group's interests today include the largest privately owned goods transport system in India, a wide distribution network for commercial vehicles, cars and automotive spare parts, a chain of automobile service stations — acclaimed the largest in South East Asia — tyre retreading facilities and body building services for trucks and buses.

The Group's other interests are automobile finance, textiles and manufacture of sewing machine needles in collaboration with Singer, USA.

TVS products in the world market.

The proven quality of the products and the engineering expertise of the TVS Group of Companies are so acclaimed today that the products are accepted in the international market, including Britain, naturally! And that's really covering a lot of ground since the first ride in 1911!

TVS

Wheels India Limited
Lucas-TVS Limited
Brakes India Limited
Sundaram Industries Limited

SAA/BI/287

Economy looking up

GUJARATIS have mixed feelings about their State's economic achievements. Some prefer to see it as the seventeenth richest rather than the fourth richest. Those who marvel at how much has been done must face others who stress how much there is to do. But all believe success breeds success and that the economic prospects are brighter there than in most parts of India.

Already Gujarat is one of the industrial power houses of the Indian economy, although there are few State-by-State figures to prove it. Apart from Ahmedabad's textile mills, which produce nearly 25 per cent of the cloth manufactured by Indian mills, the State has developed industries over the past decade or so in the fields of petrochemicals, chemicals, fertilisers, pharmaceuticals, dyestuffs and engineering.

But while some 29 per cent of Gujarat's 27m population is urbanised—8 per cent more than the national average—54 per cent of the people living in the towns are below the poverty line, as against a national average of 51 per cent. In the rural areas the figure is almost as high, at 46 per cent (national average 45 per cent), and this soars to 75 per cent in the eastern hills inhabited by the State's large tribal population.

Paradox

Given that Gujarat also has commercial non-food crops of cotton, tobacco, sugar and groundnuts, and newly-discovered natural resources of oil, natural gas and minerals, it is one of the States which neatly illustrates India's ultimate paradox: it is both very rich and very poor. To help unravel the contradiction the Janata-based State Government is following its counterpart in New Delhi by trying to develop the infrastructure, small-scale industry and agriculture of the rural areas in an attempt to create jobs and purchasing power among the poor.

So far it claims to have achieved a good deal. Comparing his Government's first year in office to the last year of the previous one, Mr. Babubhai Patel, Gujarat's Chief Minister, says three times as many villages were given drinking



Mr. Babubhai Patel, Chief Minister of Gujarat

water, twice as many were electrified and three times as many money was put into roads.

The leeway to be made up remains large, however. Only a third of Gujarat's villages are connected by all-weather roads, a mere 45 per cent of all villages have electricity, and just a quarter of all wells are electrified. There is a huge need for irrigation: more than a third of the State is prone to recurrent drought, and only a sixth of its cultivable area is under irrigation.

This figure for irrigation will change dramatically over the next five to 10 years now that agreement has at last been reached with the neighbouring States of Madhya Pradesh and



Mr. Dineshbhai Shah, Gujarat's Finance Minister

Maharashtra on the World Bank-financed Narmada Dam. The dispute over the ambitious Rs15bn project lasted 20 years and, because it involved the size of the area to be flooded by the lake, came to focus on the height of the dam wall.

Although a compromise on the matter has been reached (the wall will be 460 feet high), Gujarat's agricultural output has undoubtedly suffered by the delay. Now 4.5m acres will be brought under irrigation—more than the whole area presently being irrigated in the State.

The project may also make unemployed among Gujarat's 2m landless labourers, as well as give a boost to the State's agricultural output. Gujarat produces about 30 per cent of India's cotton and over 20 per cent of its groundnuts, and production of both has increased at faster-than-national rates over the past 15 years. The same is true of foodgrain production.

Inevitably the State wants more development projects than it has the money for. "Our requirements are far greater than our resources," says Mr. Dineshbhai Shah, Gujarat's Finance Minister, "and we have to set priorities. At the moment irrigation is more important than roads." But if development budgets are therefore in deficit, the State's revenue account is usually balanced easily, with sales tax the main source of income.

As part of its development strategy the government has devised a package of financial incentives to attract industries into rural area growth centres rather than along the 500-km ribbon of development between Bombay and Ahmedabad. Cash subsidies, sales tax exemption and interest-free sales tax loans are offered to small, medium and large-scale industries, but the criteria of eligibility are strict and businessmen complain that the measures are inadequate for the general industrial activity Gujarat and Maharashtra stand out as the most buoyant States. In the 18 months since April 1977 they are said to have received 42 per cent of the 640-odd industrial licences issued, well over 300 letters of intent, and over 50 per cent of the loans and disburse-

ments from Government financial institutions.

How far this activity is actually in line with the Gujarat government's own economic priorities is unclear. It says that District Industries Centres—which are supposed to be the driving force behind Janata's "small is beautiful" strategy—have been established in 10 of the 19 districts of Gujarat. But while training of officials is going ahead at the Indian Institute of Management, for example, the whole idea is regarded with scepticism because of the practical problem of persuading people to work and live in the rural areas.

One highly successful small-scale industry has been diamond cutting, with much of the product going for export. Indeed, in export terms generally Gujarat is one of India's most successful States, although the export processing zone at Kandla is widely acknowledged to have made little progress.

Ignored

The Gujarat government tends to feel rather ignored by the central government and would certainly like to see more investment in the State by New Delhi. Barring activities by the oil-related agencies following the discovery of oil in the State, the government says there are "hardly any industries worth the name" under the aegis of the central government, and clearly believes it has not had a fair deal in the matter of public sector investment.

Having missed out on the machine tool industry and a security papers factory, the hope now is that there will be central investment in maritime industry. The government expects a shipyard in Hajira and would like to see a new port developed to complement Bombay. It reckons there could also be an alumina plant and aluminium smelter to exploit the State's bauxite deposits, and greater help from New Delhi towards the State's infrastructural investment, particularly in roads.

From the viewpoint of businessmen the big attraction of Gujarat is the State's generally good labour relations. In a country where labour

problems are perpetually troublesome (save during the Emergency), Gujarat stands out like a haven of peace. Although it is affected by nationwide strikes and by unavoidable local problems, the State's record is for the most part envied elsewhere.

On the other hand, supply constraints are hitting factories in Gujarat as much as in other States. Shortages of power, of available railway wagons, coal, cement and steel are all hindering growth, and although a comparatively liberal import policy is helping to alleviate the problem the process is far from speedy.

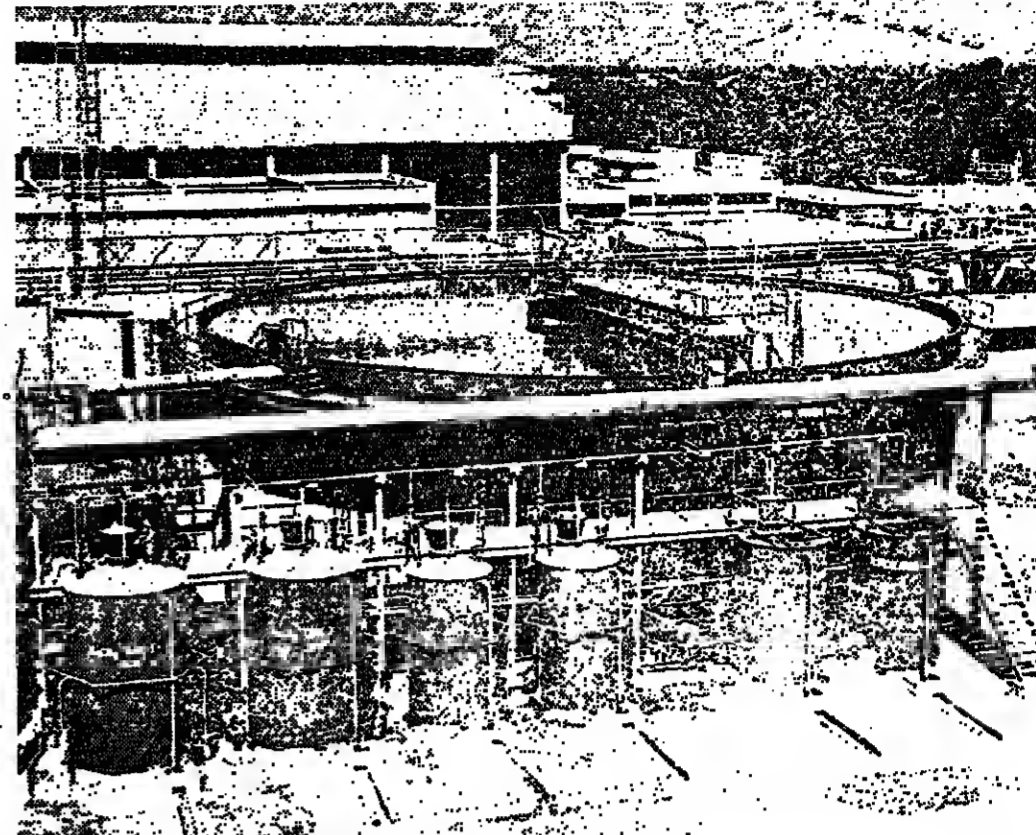
In the case of Gujarat Steel Tubes, for example, which is the country's largest producer and exporter of steel pipes, a breakthrough deal with the People's Republic of China—the first of its kind between the two countries—has been severely affected. Having contracted to deliver 29,000 tonnes of steel tubes in six months, the company suddenly found itself facing an unexpected shortage of rolled steel at the beginning of 1978. It was only in October that the Government made arrangements to import. By that time prices were high, and China is now receiving delayed but inexpensive steel tubes.

But Gujarat's real economy is not to be found in such accounts. It is to be found among the self-employed garment dealers, handcart pullers, vegetable vendors and junksmiths who earn anything between Rs 50 and Rs 300 a month, or out in the fields among the landless labourers working on someone else's soil or on public works in exchange for food.

It is also to be found in the altogether more sophisticated "parallel economy"—in the market for smuggled electronic goods and alcohol, in the cash premium on goods temporarily in short supply, and in the kick-backs and corrupt payments made in "black money."

In Gujarat as elsewhere it is these activities which belie the statistics that 1.1m people are "employed" or that agricultural activities contribute less than 40 per cent to the State's domestic output. And it is these which keep Gujarat's economic wheels well-oiled.

C.S. peaceful and non-violent, even



A section of the Gujarat Alkalis and Chemicals plant. The state has invested heavily in the chemical industry during the past decade

PROFILE: ARVINDBHAI BUCH

ARVINDBHAI BUCH is quite clear about the task facing him as head of one of the best organised trade unions in the country. "The best labour leader, like the best doctor, is one who doesn't let his patients cry." But he is even more certain of his over-riding objective: "I am not interested in socialism if it has priority over unemployment."

At 58 he is a trade unionist to the core, having spent most of his working life with the Textile Labour Association, including 20 years in the complaints department. He and his 125,000-strong union have been moulded in the Ahmedabad textile mill environment which Mahatma Gandhi used as a laboratory for testing his trade union techniques.

The principles they follow are therefore simple. "Workers and leaders must make reasonable and just demands, insist on the minimum and be prepared to compromise. The strike is the last weapon in the worker's armoury, to be used only when every other avenue has been tried. If it is used, there should be no reliance on funds from elsewhere. Above all, the struggle for justice should be

under provocation. Local businessmen vividly recall that a few years ago, when there was a "people's agitation" in Government offices and Gujarat was virtually closed after smaller unions all called their people out, the textile workers went right on working and the mills stayed open. The event has become part of history.

Arvind Buch maintains close touch with high and low. Trade unionists from abroad, ministers and officials from New Delhi and businessmen from Ahmedabad beat a well-worn path to his door. All learn something from him. Workers from 75 local mills also clamour to see him—and he learns from them. He says he depends on them to keep an eye on his own 200-strong union staff: "It is the workers who educate us."

Gandhi's aim was always to create organised strength, so Arvind Buch does more than represent textile workers. He is in the vanguard of an incipient movement to organise the three great unorganised groups of workers in India: women, youth and landless agricultural labourers.

"I am the only male working for the women's liberation movement in India," he claims stoutly. As president of the Self-Employed Women's Association in Ahmedabad, which he helped to found, he probably is. "There are 20,000 women performing some economic activity in Ahmedabad," he says.

"They are selling fish and vegetables, pulling hand-carts, collecting junk. They are the great economic force in the poor family, and no notice is taken of them."

He has therefore helped set up a working bank for them. The bank in the TLA building pays 8 1/2 per cent on deposits, which are put in a nationalised bank at 10 per cent. It lends, maybe Rs 100 or Rs 200 at a time, at 12 per cent—a rate hundreds of times lower than that available from the hated money-lenders. He wants 1,000 better-off women to deposit Rs 1,000 each for three years to make the bank work even better.

Arvind Buch's help for youth is just as radical. His problem is educated unemployment—a shortage of jobs for those with some education but no technical qualifications. His proposal: blue collar jobs for white collar persons. The experiment embodying this is called YES, for Youth Employment Service.

The next step is to tackle the problems of the landless labourers. Arvind Buch is under no illusions about the enormity of the problem before him. That is why he says he doesn't care what government is in power as long as it tackles unemployment. He believes poverty is a challenge to the trade union movement. And he has the inner strength of all real Gandhians to face that challenge until the day he dies.

C.S.

Which organised sector of Indian economy covers over 70 million of its people... the public or the private?

NEITHER !!!

The cooperative movement in India, involving over 70 million people, is now the largest and most diversified in the world, touching almost every sector of Indian economy and generating economic activity exceeding £ 10,000 million per annum.

As a major instrument of rural-oriented economic development, cooperatives provide agricultural credit, supply farm inputs, market agricultural produce, run agro-processing industries, distribute essential consumer articles and are engaged in a wide range of ancillary activities like dairy, poultry, fisheries etc.

In the primary field of agricultural credit, the cooperatives are extending a whole range of short, medium and long term loans that may amount to over £ 850 million in 1978-79 as against the total requirement of £ 2,000 million for the whole country.

Another remarkable performance of cooperatives has been in the field of production and distribution of chemical fertilizers and other farm inputs. In 1977, the cooperatives distributed fertilizers worth £ 500 million which was over 60% of the total supply in the country. In fact, the largest producer of fertilizer in India, the Indian Farmers Fertiliser Cooperative Limited (IFFCO) is also the largest Cooperative Society in Asia.

The development of cooperative agro-processing industries has been phenomenal. The cooperative sugar factories, numbering 130, account for 49% of the total sugar produced in the country. In addition, there are 711 cooperative rice mills, 290 cotton ginning & spinning mills, 150 cooperative oil mills etc. The dairy cooperatives at primary level

have increased to 24,500 covering 2 million milk producers in the country.

The cooperative marketing structure, incorporating 3,200 primary marketing cooperatives and 25 state level cooperative marketing federations, covers most of the market centres in the country. In 1977, the agricultural produce marketed by cooperatives crossed £ 950 million. In fact, NAFED, the apex organisation is now exploring export markets with impressive results. Items already being exported include onions, potatoes, pulses, cardamom, niger seeds, sesame seeds, HPS groundnuts etc.

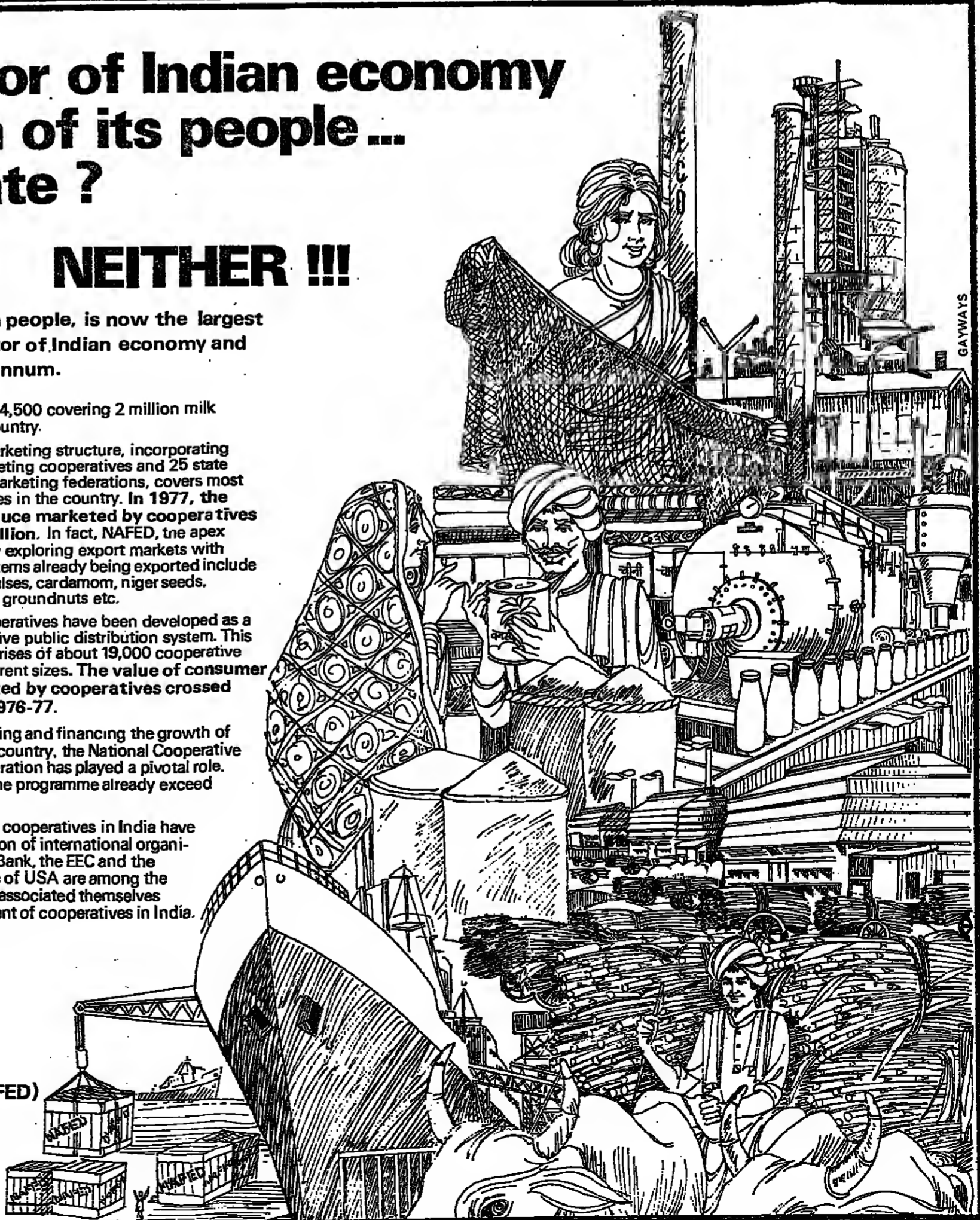
The consumer cooperatives have been developed as a part of comprehensive public distribution system. This network now comprises of about 19,000 cooperative retail outlets of different sizes. The value of consumer articles distributed by cooperatives crossed £ 360 million in 1976-77.

In planning, promoting and financing the growth of cooperatives in the country, the National Cooperative Development Corporation has played a pivotal role. Its investments in the programme already exceed £ 160 million.

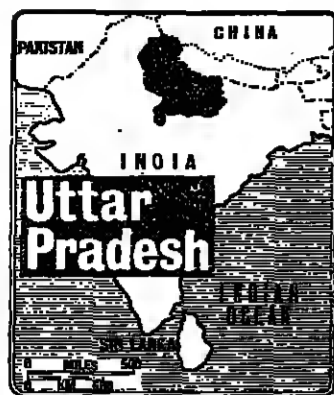
The achievement of cooperatives in India have attracted the attention of international organisations. The World Bank, the EEC and the Cooperative League of USA are among the agencies who have associated themselves with the development of cooperatives in India.

COOPERATIVES—A SHIELD FOR THE WEAK

- National Cooperative Development Corporation (NCDC)
Eros Apartments, 56, Nehru Place, New Delhi-110019 Telex : 31-3559
- Indian Farmers Fertiliser Cooperative Ltd. (IFFCO)
34, Nehru Place, New Delhi-110019
- National Agricultural Cooperative Marketing Federation (NAFED)
54, Sapna Building, East of Kailash, New Delhi-110024 Telex : 31-3254
- National Federation of Cooperative Sugar Factories (NFCFSF)
Vaikunth, 3rd Floor, 82-83 Nehru Place, New Delhi-110019
- National Cooperative Consumers' Federation (NCCF)
92, Deepali, Nehru Place, New Delhi-110019



Unemployment brings mounting tension



85 constituencies in the state voted Congress out of power in the general election of 1977. It is ultimately where Mrs. Gandhi must stage a comeback if she is ever to return as India's Prime Minister.

Historically what is now the territory of UP is the spiritual centre of Hindu civilisation—commemorated in the Hindu epics of the Ramayana and the Mahabharata and revered today by countless pilgrims visiting Varanasi or attending the major festivals at Allahabad or Hardwar. Before that it was the cradle of Buddhist culture—where Buddha preached his first sermon and performed some of his greatest miracles.

In UP as well the Mughal Empire left some of its finest monuments. Akbar in the 16th century made his capital at Fatehpur Sikri, and Shah Jahan put up his most lavish architecture at the Taj Mahal in Agra. When the Empire as a whole went into decline, Lucknow still continued briefly to flourish as the capital of the Muslim principedom of Avadh (Oudh). Its wealth captured the imagination of the British of the 18th century, who gathered up what booty they could before a self righteous House of Commons put Warren Hastings on trial for plundering the province.

The state still has the largest concentration of Moslems of any in the union—about 15%. The wealthy among them and those who were recruited by the British into the senior ranks of the civil service or the army for the most part left for Pakistan at the time of partition or later. Only three Moslem members of the former Indian Civil Service appeared to have chosen to remain in India after independence. The Moslem population is now split between Shias and Sunnis—a rivalry that occasionally erupts in rioting. At Aligarh in the south west of the state

—the scene of recent communal disturbances between Hindus and Moslems—is the main Moslem theological college in the country.

Signs

But for all the glory of its past there are signs that UP is now losing its power. Before independence it could still be said that it was one of the richest states in the union. But now its agriculture has fallen way behind that of other northern states such as the Punjab or Haryana. It has failed to attract the heavy industries sponsored by the central Government that went, for instance, to West Bengal or Karnataka. There has been little of the private investment which gravitated round the former "presidency" towns of British rule—Calcutta, Bombay and Madras, which were also the country's financial centres—or more recently towards Delhi. In UP there is not the same entrepreneurial nousiness as in Gujarat or Maharashtra. It has also suffered from a series of weak state governments—of which the present Janata administration of Mr. Naresh Yadav is one of the least effective—who have failed to push development or press the central Government hard enough for funds.

UP is also the state in which Brahmins and other upper-caste Hindus have been strongest in number. About 15-20 per cent of the population of eastern UP are said to be Brahmins, compared with as little as 2 per cent in southern states like Tamil Nadu. But as elsewhere in India the Brahmins are finding their old privileged position, which required little work but accorded them great respect, is being eroded. They lost out under land reform and now feel their influence in government is being

threatened. The most bitter controversy in the state at the moment is over the new state government policy of reserving 15 per cent of jobs in government service for the so-called "backward castes" (not to be confused with the Harijans who are genuinely the downtrodden section of the community and have had jobs reserved for them for a long time).

In practice the backward castes are the increasingly prosperous peasant class of Ahirs, Khumis and Yadavs—cultivators and cowherds in the past—who have advanced themselves since land reform gave them plots of their own. For them the Janata victory of 1977 has also meant a great increase in political power and they are now using it in a blatantly partisan way to consolidate their economic position by reserving to themselves jobs in the government service, which are the more precious for being in such short supply in a province of high unemployment. The Chief Minister of UP, Mr. Yadav, is from this caste. A man with little administrative experience before he came to power, he was chosen as head of government by Mr. Charan Singh when he was union Home Minister. Charan Singh is the symbol in the state of this new aggressive farmer class. He has an enormous personal following in the north but hardly any support in the south.

Mr. Yadav's policy on reserving jobs is being fiercely contested by the upper castes. The conflict threatens to split the Janata government in the state, which is formed from a coalition of the farmer class and members of the Hindu Jan Sangh party that traditionally has drawn its support from the trading community or higher-caste Hindus. The Jan Sangh members of the government have openly denounced it.

But those most affected by it are college students from higher caste backgrounds, who form the bulk of the university population in the major cities of the state and are the most desperate for jobs. Instead of joining left-wing or Marxist organisations as they did in the past, they are now swinging towards the militant Hindu communal organisation the RSS (Rashtriya Swayam Sevaksangh), which is also recruiting widely in the towns. Over the last two years most of UP's universities have been effectively closed because of continuing demonstrations. Youth leaders often carry country-made guns or knives. At Lucknow university 2-3 battalions of police were this year called in to keep order during the law examinations, but even then the examinations had to be abandoned.

Some idea of how high tensions run can be gathered from this extract from a report in the Lucknow Pioneer of January 15, though allowance must be made for exaggeration.

Fury

"The mob fury in the wake of the anti-reservation agitation continues to rage in parts of central and eastern Uttar Pradesh with fresh reports of violence pouring in from half a dozen places to the state headquarters today. . . . According to a report from Faizabad, the anti-reservationists set fire to a junior high school. . . . Another report from Pilibhit said students set on fire a Bilaspur bound bus. . . . Meanwhile academic life in over 20 districts of the state has been completely paralysed due to the agitation. All educational institutions in the violence affected districts have been closed for an indefinite period."

While these demonstrations go on, there are also widespread



A craftsman paints a large urn at the Chimbta Potteries near Lucknow. The pottery was set up by the Small Industries Corporation which is run by the Rural Industries Board

clashes in the villages. Parallel to their attempt to wrest more jobs in the government service from the higher castes, the emergent peasant community is also determined to resist the demands of those below them (the Harijans) for higher wages or a stake in the land. Instances of Harijans' houses being burnt down or Harijans themselves forcibly seized land are not as common as in neighbouring Bihar, but are growing. Harijans and the upper castes thus find themselves in political alliance. The Moslems also feel threatened by what they see as a deteriorating law and order situation. Most worrying to them is that they feel that the Janata Government is increasingly partisan.

A further reason why UP is slipping behind is that there is not the same sense of regional identity in the province as in Bengal, for instance, or Karnataka, with their more obvious linguistic and cultural boundaries. Uttar Pradesh means Northern District—as undelimitative a name for the state as its former British title of United Provinces. There is as yet no history written of UP although a good many of Bengal and

Karnataka. The state has produced few Hindi writers of note. Its Hindi films are mainly made in Bombay. Although it brands together as a whole, there are rivalries and tensions between its different regions.

The richest part of the state is in the west, between Meerut and Delhi, which has benefited from the dam irrigation system. Charan Singh has at times proposed that this area should be removed from UP and joined with other parts of the Punjab and Haryana where his own community of Jat farmers are dominant. The eastern wing of the province puts down its backwardness not only to the absence of such a developed irrigation system but to the legacy of British rule. They claim that the British always penalised eastern UP because in the revolt of 1857 (the Indian Mutiny) the east put up the toughest resistance: it was a man from Balli in eastern UP who fired the first shot against the British.

There have also been periodic breakaway movements in eastern UP, which has a long tradition of agitation. In the 1890s the landless organised a

land seizure movement and later renamed a village at Ballia as Moscow. Of the other two district regions that make up the province—the hill district of the north and the Bundelkhand in the south—both feel that the administration in Lucknow is too distant. Such tensions reflect the fact that UP as it is today is an amalgam of regions administratively clubbed together by the British.

If Mrs. Gandhi is to come back to power she must make a strong showing in UP. Since the general election she has won one by-election to the National Assembly and lost another. Memories of the hated sterilisation programme are now fading. She is counting on the support of the minority groups of the Moslems and the Harijans and quietly opposing the Government's policy over the reserving of jobs (though this has problems for her as she backs the Karnataka Government's even larger job reservation programme). In the past her charisma has carried her through. But next time she will need a powerful Congress organisation behind her as well.

David Housego

A woman MP with winning ways

PROFILE: MOHSINA KIDWAI



Mrs. Mohsina Kidwai

MRS. MOHSINA KIDWAI, a quiet, efficient woman, sees herself as the advance guard of Mrs. Gandhi's return to power in Uttar Pradesh. In May 1977, after Mr. Naresh Yadav resigned from the National Assembly to take up the post of Chief Minister of the Janata administration in UP, Mrs. Kidwai stood for the vacant seat of Azamgarh as a candidate of Mrs. Gandhi's faction of the Congress Party. It was the first by-election after Congress had been swept from power in every constituency in the state in the general election a few months earlier.

The timing was right and so were her credentials. The small farmers who had backed Mr. Yadav to the hilt the year before were fed up that sugar prices had slumped and that about 40 per cent of the crop was lying in the fields uncut. The Janata government had also just made sales of gold from the reserves, depressing the local price to the anger of villagers who see it as their main form of savings.

Mrs. Kidwai, a mother of three, is a Moslem and so could look to the support of her own minority community which had shown its anger against Congress—provoked by the sterilisation campaign—during the general election but which has since seen the Janata Party as a partisan administration less mindful of their interests. She could also count on the support of the Harijans, who were disenchanted with a Janata government which seemingly turned a blind eye to violence against the Harijan community. Mrs. Kidwai is not a forceful speaker, but with her opponents divided and the minority groups on her side, she carried the day. She is now the only Congress MP in the parliament from a state that was once the party's stronghold.

She is also president of the UP Congress Party and officially she is Mrs. Gandhi's lieutenant

In the province. She would not claim to be in Mrs. Gandhi's inner circle but she certainly sees herself as a loyal follower.

She shies away from questions about the Emergency. "As Mrs. Gandhi has said, there were some mistakes that damaged the image of the party," she says, "but she reports were exaggerated; memories are short and people are trying to forget the past."

Her opponents are quick to point to the findings of the Shah Commission set up to investigate abuses during the Emergency and which said that the number of sterilisations in UP shot up from 138,000 in 1975-76 to 837,000 in 1976-77. The number of people detained under special powers reached 30,000.

As a result of the Janata Government's policies and the growth in strength in the province of the militant Hindu movement RSS (Rashtriya Swayam Sevaksangh), Mrs. Kidwai feels that communalism is growing. "Communal politics increase day by day," she says, and "threaten our national integrity. The RSS believes in the theory of two nations. Casteism and violence are spreading throughout the country."

Embarrassed

On the issue of reserving jobs for the so-called backward castes, Mrs. Kidwai finds herself in an embarrassing position. In Karnataka, Congress has supported job reservation. But in UP members of the Congress Youth Movement have without

much doubt been actively involved in the campaign, and probably some of the violence, against the state government's reservation policy which, in practice, will mean more posts for the increasingly prosperous peasant class. The UP Congress has declined to take an official stand on the subject but Mrs. Kidwai says that reserving jobs on the basis of caste will not solve the problem of helping the poorest. The distinction should have been made on the basis of incomes, she says.

Most of Mrs. Kidwai's family, like most of the Moslem elite of the province, moved to Pakistan at the time of partition or have settled there since. She herself was educated at the well-known Women's College in Aligarh. Her father was an active member of Congress during the struggle for independence and, underlying her commitment to India, she says that her maternal uncle, Shaifur Rehman Kidwai, became the first Education Minister of Delhi state after independence.

She was active in social work before going into politics, helping the poor Moslem weaver class and starting a number of schools and craft centres. She was elected to the state legislative council in 1960 and to the state assembly in 1974. After holding a junior ministership in the UP government she became a cabinet minister in 1975 with special responsibility for social and Harijan affairs.

One of her main tasks now is to revive the Congress Party organisation in the province in time for the next general election, which must be held by 1982. After her success in the by-election of Azamgarh, Congress failed to win a second by-election at Fatehpur in UP at the end of last year. She blames the defeat on irregularities in the voting list, in Harijans being prevented from going to the polling booths or being intimidated and to the massive effort the Janata party put into the contest by sending many Cabinet members to the constituency. Nonetheless, she feels that the prospects for Congress and Mrs. Gandhi in the province are bright.

D.H.

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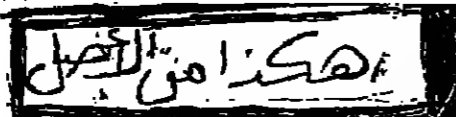


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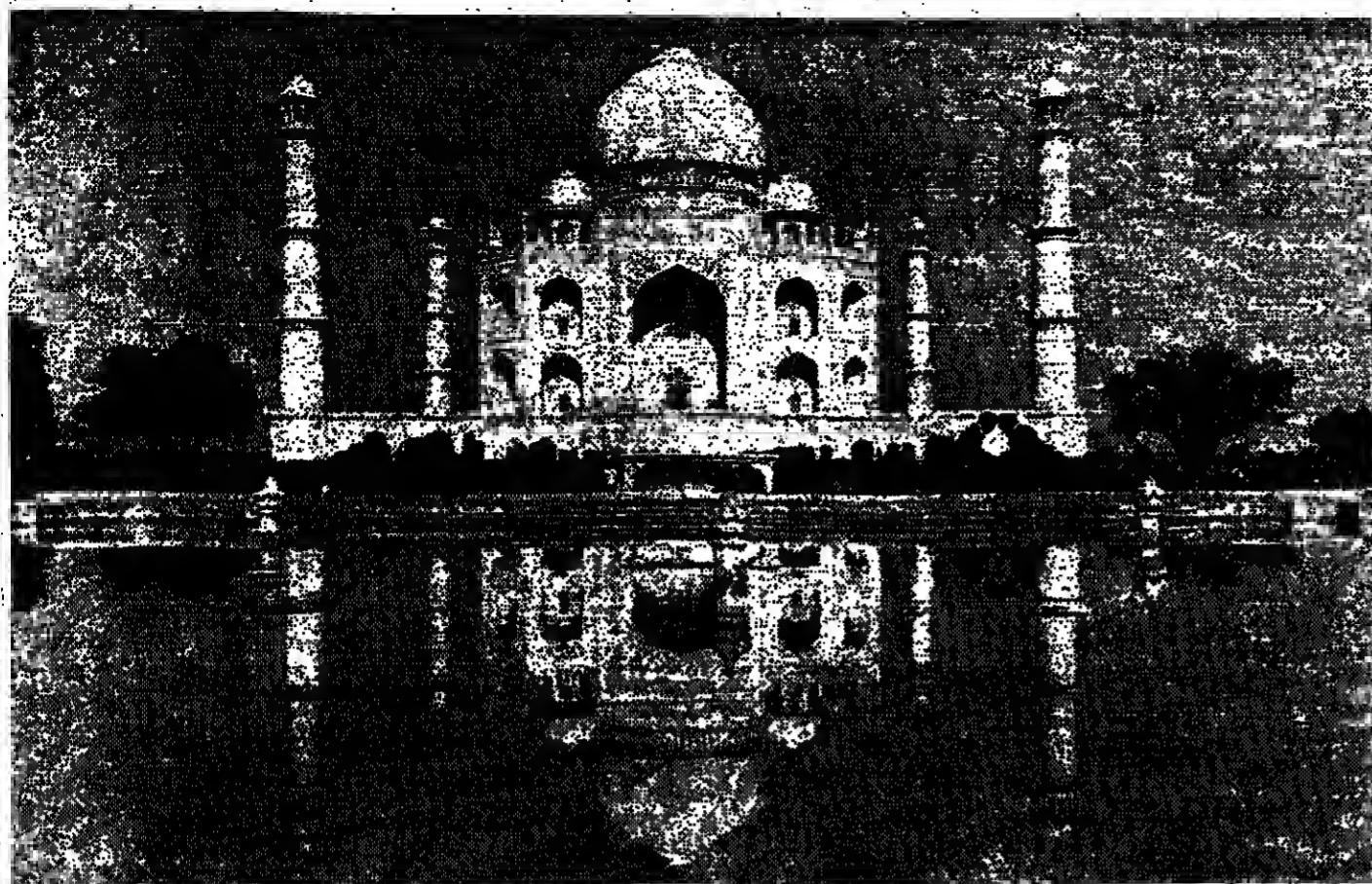
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UTTAR PRADESH

INDIA XI



One of India's major tourist attractions: the Taj Mahal in Agra

Meagre growth in state economy

"LET Uttar Pradesh have the Prime Ministers," a senior politician from the south once said, "but we will have the economic development." And so it has turned out. UP politically dominates the union but by almost any economic yardstick it has done badly since independence.

The state economy has grown at a meagre 2 per cent a year since 1960, as compared with an average for India as a whole of over 3 per cent. Of the largest states it has the lowest income per head, a reflection of its being one of the most densely populated and with one of the highest levels of unemployment. Only two other states—Bengal and Bihar—have received smaller allocations from the central Government on a per capita basis under the five-year plans begun in 1950. Both Bengal and Bihar, however, have benefited from a large number of centrally sponsored industrial projects to take advantage of their coal and iron resources. From 1950 to 1960, the UP Finance Ministry maintains, the state did not obtain any of the major projects that the central Government undertook in developing steel, heavy engineering, chemicals or in extending the country's basic infrastructure. Its share of centrally financed industrial projects is still minimal.

Investment

Private sector investment in manufacturing was in the past largely confined to textiles and sugar mills, industries that are now suffering from old equipment and inadequate returns. Kanpur, the centre of the state's textile industry, is now a decaying town. There has been some new private investment in electronics, glass, diesel engines, electrical goods, agricultural machinery, chemicals and fibres in both Kanpur and towns like Meerut, Ghazipur, Mirzapur and Varanasi (Benares), but the rate has lagged behind the national average. UP lacks the advantages of having a financial centre like Bombay on its doorstep, which has helped promote new ventures in Maharashtra and Gujarat—and it has not had the spur that Karnataka has had from large central Government investment in engineering. The major manufacturing houses of the state—Singhania, Honoria, Modi and Jajpuria—are not national names in India.

Although 78 per cent of the labour force is in agriculture, grain production since 1950 has only grown at an average of 1.9 per cent a year, below the rate for the country as a whole and below the growth of population in the state. Destruction of crops from the flooding of the Ganges and the Jumna has wiped out many of the advantages that should have come from the country's two largest rivers passing through the state. Apart from the Jumna canal system in the north west, irrigation has proceeded slowly. Only 42 per cent of the cultivated land in the state is now under irrigation and much of it only partially.

This unsatisfactory picture is redeemed in two ways. UP has a long tradition of handicraft industry—silk, carpets and brassware in Varanasi, leatherwork in Agra and Falgabad, handloom weaving throughout the eastern part of the state, cutlery in Aligarh and Meerut. Both as a result of government incentives and of growing demand this is still expanding. The carpet industry around Varanasi has received an enormous boost in recent years from the slowing down and now the virtual halt of carpet exports from Iran. Small-scale industry has also extended into the manufacture

of light industrial goods such as nuts and bolts, flashlights, steel and wooden furniture. In Varanasi alone, which has a Chamber of Commerce with 52 manufacturing or trading associations affiliated to it, there are about 400 such small-scale units. The Chamber of Commerce, reflecting a widespread opinion in UP, says that both small-scale and medium size industry would grow faster if the state government did not impose a sales tax at a higher rate than that in other states. This discourages new units from establishing themselves in UP. The Janata Party promises to abolish it before the state elections next year. In power, it has found that the sales tax accounts for 40 per cent of state revenue and that there is no way of being rid of it.

The other brighter feature is that agriculture has prospered in the western districts near Meerut. Yields are almost as high as in the neighbouring Punjab. The west has benefited from the irrigation system of the Jumna. But the Jat community in the area also form an energetic class of farmers who have worked the land themselves as compared with the old pattern in eastern UP where Brahmin landlords employed day labourers or share croppers to do the work for them. The west has also had the advantage of being close to the large market of Delhi and of its villages being connected by an extensive road system. In the east communications are bad, impeding both agriculture and village industry.

Throughout the province farmers have been complaining both this year and last that they are getting lower prices for their produce. There was a glut of sugar last year—the main cash crop—but more generally, while the cost of fertilisers and pumps for irrigation has been rising, prices have remained static or fallen because of insufficient demand. At the same time 57 per cent of UP's population lives below what is the officially defined poverty line. In support of their demand for higher prices over 100,000 farmers marched on Delhi in December for a rally to commemorate the birthday of Charan Singh, whom they regard as the champion of their cause.

UP blames its backwardness partly on itself and partly on the failings of the central Government. Its political leaders have been more preoccupied

with national politics assuming that the support of UP itself could be taken for granted. They have thus not used their political leverage to get more funds for their state in the way that politicians from the more go-ahead provinces have done. In the east the economy has also had to carry the load, until recently of a landlord class that refrained from work itself. But officials in the state government also feel that the planning commission in Delhi has treated UP badly and that shortage of funds has been a major constraint on development.

An impressive document prepared recently by the State Planning Institute claims that an investment of Rs 130bn will be needed over the next five years to make a substantial impact on living standards and unemployment. In practice the state has proposed to the Government a plan outlay of Rs 80bn and expects to get approval for expenditure of about Rs 38bn. The Planning Commission in Delhi complains that about 30 per cent of the funds currently allocated to UP for irrigation and power projects remain unutilised; that the state has a poor record in raising its own domestic revenues; and that money allocated for investment has been used to finance higher salaries or bonus payments at election time. Whatever the truth of these charges there is little doubt that UP is one of the least successful states in formulating projects and seeing that they are carried out.

Priorities

In line with both its own priorities and the philosophy of the Janata Government UP is now concentrating its state expenditure on agriculture and power generation—which will absorb 40 per cent and 20 per cent of the state budget respectively. Results are beginning to show. Consumption of fertilisers increased by 30 per cent for this year's Kharif crop as compared with last. A crash programme has been initiated for helping farmers to install 120,000 tube wells this year, each to irrigate five hectares of land. UP last year contributed nearly half of the newly irrigated land in the country—about 4m acres. Expenditure on irrigation at current prices is rising from an average of Rs 150m a year over the last six years to Rs 760m in 1977-78 and a planned Rs 149 in 1978-79. Much of the increase in newly

irrigated land has come from water storage schemes like the large project at Sharda Sahayak or multi-purpose schemes such as those being carried out at Tehri and Ramganga.

But the irrigation department is the first to admit that their major constraint is delays in the planning and implementing of projects, which in the past have resulted in large cost overruns. "We don't have many projects waiting on the shelf," an official said, adding that the design and planning directorate of the Irrigation Department was being strengthened and a new training institute being opened for irrigation managers.

Generating capacity is also being expanded in the state, but at peak periods there is still a 700 MW shortage. As a result most industries, according to one senior official, cannot operate fully even one shift, and mini steel plants, which are energy intensive, have had their supplies cut off. Priority in allocating power is given to agriculture, but with shortages of coal affecting thermal stations there have been cutbacks to tube wells and pumping equipment as well.

The chairman of the state electricity authority Mr. R. N. Bhargava says that one limit on expanding capacity is that he must buy generating equipment through the state-owned corporation Bharat Heavy Electricals (BHEL). They can neither provide the equipment themselves nor are they willing to sanction major imports of generating plant in spite of the government's policy of allowing purchases from abroad to make good domestic shortages. He says he would like to import directly four or five generating sets and has had attractive offers from abroad, but has so far lobbied for permission in vain.

With plan outlays limited and little hope of major private investment, there is unlikely to be more than a marginal improvement in either the living standards of the poor or in unemployment over the next five years. Trade unions are weak largely because industry is also depressed. The communists are making some attempts to organise the landless in the village and rural workers. But with land and jobs in short supply, the danger of more people taking the law into their own hands and grabbing what they can get is bound to grow.

D.H.



A merchant weighs potatoes at a market between Agra and Fatehpur Sikri

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Broad range of planning targets

KARNATAKA is probably the only area of the world where Five-Year Plans discuss how to raise the tiger population and where a Communist trades union has a march headed by a caparisoned elephant carrying a red flag.

The state's economy is a strange blend. It produces over half of India's coffee, three-quarters of the country's silk, and incense and three-quarters of the world's sandalwood. Yet it also houses some of the subcontinent's most advanced industries. And while drought is a constant threat to most cultivators, the state's power stations are fuelled by hydro-electricity.

Growth has been gathering momentum, averaging 4.8 per cent annually since 1960. To Mr. K. P. Radhakrishna, acting managing director of the large Hindustan Aeronautics complex in Bangalore, the city is a good location for industry. Like many of those running companies in the area he refers to its mild climate, reasonable labour relations and comparatively effective state government.

The plant he runs is largely responsible for the development of the high-technology industry found in the state. It was established in 1941 with British encouragement as a privately-owned aircraft servicing plant. Subsequently, it overhauled many of the British and U.S. warplanes used in the Eastern theatre. It was taken over later by the Indian Government and began to build aeroplanes under foreign licence, becoming increasingly an indigenous enterprise.

In Bangalore, Hindustan Aeronautics is now manufacturing helicopters under licence from France (the Sniac Cheetah SA 315 and Aerospatiale Alouette III); engines under licence from Rolls-Royce (Dart Mk 531 and Orpheus 701 and 03) and from the French company Turbomeca (Artouste IIIB); and planes under licence from the UK (Hawker Siddeley's Gnat Mk I known locally as the Ajeet). It has also designed its own fighters and trainers. Other parts of the group work under MIG licences and make parts. The Bangalore complex accounts for about half the group's turnover.

The import content of the group's planes is now below one third and falling. Indigenisation has spawned a number of ancillary high-technology plants.

Bharat Electronics and Indian Telephone Industries both have large plants in the area while Bangalore's sprawling Peenya Industrial Estate also houses the factory producing India's satellites. A 380 kg test satellite was launched by a Russian rocket in April 1978. A second satellite, for observation purposes, is to be launched for India by Russia this year and future developments include the firing of India's first satellite-launch rocket and participation in the European Space Agency project.

With such activities being run by the public sector, many of the dependent industries are also publicly owned. This is also the case for most of the state's large-scale industry. In part this results from the lack of local entrepreneurial capital formation in the past, but it reflects, too, the role played by state governments under the last Maharajahs.

"Industrialise or perish" is the slogan greeting visitors to the iron and steel plant in Bhadravati, the dusty steel town in the centre of Karnataka. The motto is that of Dr. M. Visvesvaraya, Diwan (Chief Minister) under the Maharajahs earlier this century. A man who lived to be 102, he was an outstanding engineer whose projects ranged from sewerage systems to the landscaped gardens south of Mysore and who laid the foundations of its industry.

The Bhadravati works, now named after him, was one of the first in the sub-continent. Today with a capacity of 150,000 tons of pig iron annually and producing a range of steels, its problems are typical of basic industries which many would like to see the state develop further.

Communications

The first problem is one of communications. Bhadravati, like much of the state, is served only by a narrow-gauge railway, involving a forced transfer of goods, materials and passengers at Bangalore to and from the wide-gauge system used on the national railways. The state's road system too is only just adequate. The length of surfaced and unsurfaced roads has doubled in the past two decades but still less than half the state's 27,000 villages are connected by all-weather and metalled roads, and 2,000 villages are not con-

nected to any road whatsoever. The second problem, as so often in India, is power. In 1977-78 Bhadravati, like other high-tension power consumers, received only 45 per cent of its electricity requirements. Even through the electricity being generated is five times the level of supply in 1960, it has lagged behind demand and only one-fifth of the state's large hydro-electric resources have been exploited. Since these to a large extent depend on the monsoons a coal-based thermal plant is being established at Riachur. This is only at the design stage, though the commissioning this year of the first unit of the Kalknadi hydro-electric project is expected to ease the situation. Stage 1 of this project will be of 910 MW, compared with the state's existing installed capacity of 1,145 MW.

The third problem, affecting both Bhadravati and other plans to develop the state's enormous iron ore deposits, is the shortage of suitable coal. Bhadravati itself relied on charcoal but now the forests which once surrounded it are a mere memory. Indeed, half a century of reckless cutting of timber—for the plant, for household fuel and to power the charcoal-based motor engines insisted on by the British during the fuel shortages of the war—have left the state with a massive immediate task of afforestation.

One answer to this problem is the Kudremukh project—the \$700m investment in the equipment necessary to ship 7.5m tonnes of ore to iron each year. The aim is to reach this figure by 1983, with the first shipments due in 1980. The project involves upgrading the 1,100m tonne outcrop of mainly magnetite iron ore 360 kilometres above the port of Mangalore in the Western Ghats.

A magnificent stallion, fawn-flecked nostrils in determination aflame, its mane in freedom flying, gallops across the Western Ghats, waxes one of the handouts of the Kudremukh Iron Ore Company in reference to "the crusaders of Kudremukh" and their determination to finish the project on schedule next year.

Mr. K. C. Khanna, chairman and managing director of the company, says that the project is on schedule. He is also surprisingly optimistic about its future given the turmoil in Iran.

"Apprehensions flash in the mind of all people of prudence," he admits. But he argues that because it is not a military but a commercial contract, it will be honoured. "Iran is getting brighter every day," he said two weeks ago. "Now that the Shah has left I hope it is settling down to a normal representative government with freedom for all."

The Kudremukh deposits, with an average iron content of 38 per cent, are much less rich than the estimated 50m tons of hematite deposits near Chikmagalur (with their content of about 65 per cent), or the equally rich Hospet deposits in the north-east of the state. There has long been pressure for construction of a large plant at Hospet, with coal to be brought from elsewhere. However, an alternative plan, at present favoured by the Government in

New Delhi, is to have a plant at Mangalore, based on the state's iron ore and using coal imported from Australia or Canada.

On the union side the main force is described by managers as being the All-India Trade Union Congress (AITUC) which supports the Communist Party of India, with a second grouping, the Indian Trades Union Congress (INTUC), which supports Mrs. Gandhi's Congress Party, considered less forceful, according to one major employer. AITUC is quick to complain of police harassment, both in Bangalore and in the provinces. It often co-operates closely in the provinces with INTUC, particularly where workers on the state's coffee, tea and rubber plantations are concerned. Leaders of one picket seeking to persuade a coffee plantation owner to pay the

obligatory minimum wage had just been arrested and accused of conspiracy to murder, the unions complained as an example. The police side of the story was not available.

Minimum daily wages for the jobs usually carried out by men have now been established at 5.90 rupees (37p) and for those (more numerous) carried out by women at 5.60 rupees (35p). As for production, this totalled over half of the 122,250 tons produced by India in the 1977-8 season. That year exports reached nearly \$300m. Production for 1978-9 is down to an estimated 105,000 tons. The Coffee Board says that the aim is to double the area under coffee in the next 15 years.

Sericulture is also a flourishing industry. The state's production of silk has risen steadily over recent years to reach 2,246 tonnes in 1976-7, out of the total

for all India of 2,612 tonnes. Less satisfactory has been the situation in the sandalwood industry. Production at the two state factories is now running at only half capacity, due entirely to a shortage of sandalwood trees following the drastic overcutting of recent years and the still-flourishing smuggling trade to neighbouring states. Unlike Karnataka these have private processing plants paying up to four times the price of sandalwood paid by the state factories. Because each sandalwood tree requires more than 60 years to reach maturity—and also because it is a parasitic tree requiring other trees' roots to help its own, making it difficult to cultivate—it is hard to see this shortage being corrected.

The draft 1978-83 plan prepared by the state puts an emphasis on afforestation and

says the highest priority is being given to power, irrigation and agriculture; it is planned to treble the area under irrigation. Seventy per cent of the state's population depends on the land and the government is aiming at a 4.5 per cent annual increase in production of food grains and double this rate of increase in oil seeds, in particular ground nuts. There is a two-year development plan for eliminating unemployment and the state sets higher minimum needs targets than those established by the central government, arguing that what New Delhi sets as a target for 1988 has in many cases already been surpassed by the state.

A "massive programme" of developing agriculture-based and cottage and small-scale industries is also called for.

David Tonge

Champion of the dispossessed

PROFILE: DEVARAJ URS

A FILM ACTOR for one night, college wrestler for 36 months, and Chief Minister for seven years, Mr. Devaraj Urs is a large fish for the small pool of Karnataka. Now engaged in trying to bring together the two wings of Congress, he is to a large extent responsible for ensuring Mrs. Gandhi's sweeping victory in the local Chikmagalur by-election last November. But although he has obvious aims of being the heir to Mrs. Gandhi, he faces the same problem as all southern Indian politicians—that northern politicians rarely allow them a foothold.

Once called Karnataka's Mayor Daley, Mr. Urs has long shown uncanny political skill. Genial, pipe-smoking and silk-robed, he is an unlikely mixture. Born 64 years ago in a small village outside Mysore, his family name means "princely" and he be-

longs to the same small caste as the ex-Maharajahs of Mysore. Yet the coalition which he has welded is of the dispossessed—the minority castes which had never shared power. He is one of the few Chief Ministers to have made programmes for the poor a reality. And his rhetoric is that of the evangelist.

Phrases such as "the intolerable burden of exploitation" and "blood-sucking moneylenders" litter his speeches, and he has not hesitated to urge election crowds to burn a newspaper which criticised him.

In Karnataka the Emergency saw the torturing of the brother of the present Indian Minister of Industry, Mr. George Fernandes. There was also the death of a prominent female opponent of Mrs. Gandhi, which had been basted by her conditions of detention. But Mr. Urs himself largely escaped criticism on such points. He has always steered clear of Mrs. Gandhi's controversial son, Sanjay. And he has ensured himself a mass following in the state through a programme as radical as any

outside the Communist-dominated states.

Mr. Urs thinks that history will be kind to Mrs. Gandhi. He argues that Mahatma Gandhi set out the principles for helping India's poor, that Nehru made a programme out of these principles but failed to implement it, and that Mrs. Gandhi made a reality of this programme—in his loyal book, the failure of Congress to act in several states was not Mrs. Gandhi's failure but the failure of those she had trusted and who turned out to have "vested interests."

"The problem of implementation is one he admits to countering in Karnataka. His policy of liquidating rural debt has had, he says "defeats and shortcomings." The state machinery is "still burdened with many people from the urban areas, upper classes or kulaks (large farmers)." But he is pleased with progress at land reform—even if his esousing no appeal for former landowners has been criticised elsewhere. He also vaunts the freeing of the states' 64,000 bonded labourers

and the housing programme. As for his efforts to ensure that the poorer castes obtain jobs, these he says are "slowly, slowly succeeding."

Described as a populist by most critics and a socialist by many allies, he refuses to categorise himself.

His rule has had its interruptions. The Governor who swore him in last February had only just dismissed him. On such matters Mr. Urs is philosophical. "In politics such things do happen. I take them sportively."

His 28-year political career has seen him develop what one writer has called a "kind of tatty resiliency." He first became a state minister in 1962. Later he was to nationalise several local bus routes and in 1969, with Mrs. Gandhi's blessing, to start building the new Congress party, which overthrew its long-dominant parent in 1971.

An able administrator, he has also made massive use of the patronage system. It has led to frequent charges of corruption against him, and the Janata

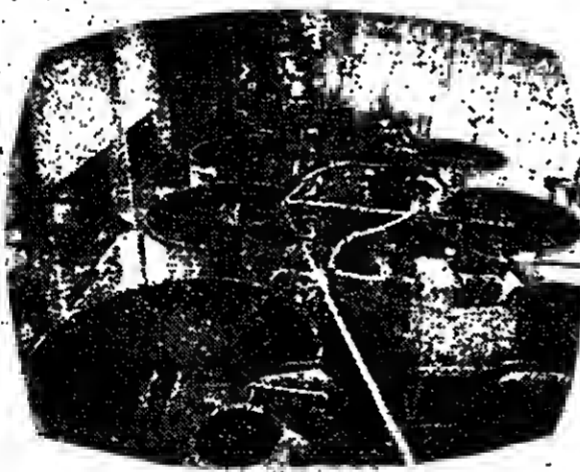
Government instituted a commission under Justice Grover to investigate some of these. The commission held him guilty under four counts, with Mr. Urs's attempts to pre-empt the enquiry being one of the reasons for his dismissal by the Governor. His son-in-law, a trade unionist, has also been a controversial figure. Mr. Urs is completely unperturbed by such points. "Of course I am corrupt in one sense," he beams, "but I want to know a man who entered politics through elections and who is not. Look how much U.S. Presidential candidates spend. Where does their money come from?"

It is the flamboyant answer of a flamboyant man. With corruption charges being hurled at so many Indian politicians I ventured that in India as elsewhere all publicity is good publicity. Mr. Urs was quick to catch this with a Sanskrit phrase and to say: "A scoundrel, but one of the few good scoundrels" is what one newspaper just called me. I liked that."

D.T.



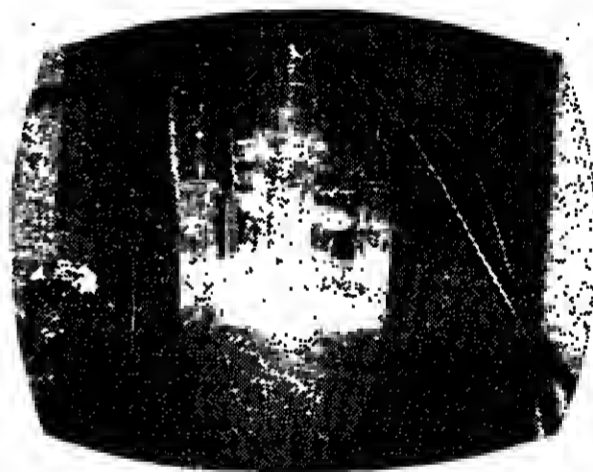
"Name me a company that can give me everything I want from India."



Ossein for gelatin manufacture.



Marine products and cocoa butter substitutes.



Fine chemicals, nickel catalyst, animal feeds, agricultural commodities..."



"May I suggest...?"



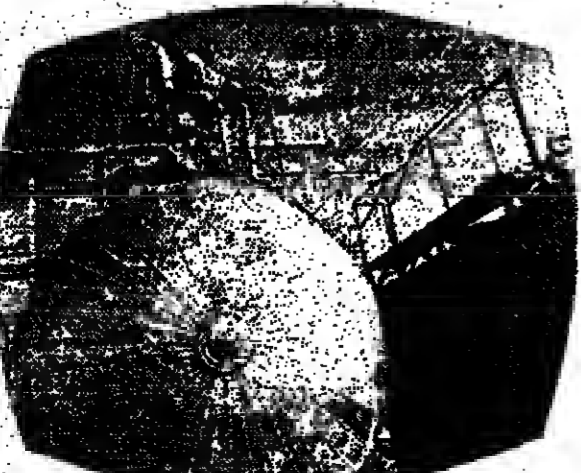
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Need to tackle stagnation

WATERED by the Ganges, the Bengal area, with its abundant reserves of coal and iron ore, and its tea estates and jute fields, long stood ahead of the other States of India. In the 1770s its wealth enabled the East India Company to exact an annual income, excluding presents received by the company, of £1.5m. Shocked by the fortunes that Englishmen made in Bengal and the burden this placed on the province, Edmund Burke declared that the effect of English rule was to leave "nothing before the eyes of the native but an endlessly hopeless prospect of new flights of birds of prey and passage with appetites continually renewing for a food that is continually wasting."

The worst of these abuses were later checked under Reformist Administrations but still the output of Bengal continued to lay the foundation of many British fortunes, both before and after it became the first industrial centre of the sub-continent.

Yet since Independence its economic record has been less than glorious. Over the past two years, even allowing for the ravages of last autumn's floods, industry and agriculture have achieved higher growth rates than the average for the period. None the less, it was a legacy of stagnation if not decline which the Left Front Government inherited in June, 1977, a decline which to an extent the troubles under the previous Left Front governments had contributed.

The 20 months in office of this Marxist administration have seen it living up to at least some of the hopes of its supporters—a hard task when New Delhi retains strong if diminishing powers over the individual

states. But the Left Front has at least quashed many of the fears which greeted its return. Many businessmen still banker after the laissez faire days of Congress rule in the state, but they are also surprisingly complimentary about the Left Front. As one foreign company's chairman puts it: "We were all very worried when it took over. But it has been quite pragmatic. The fact that the government has been headed by the Communist Party of India (Marxist) [CPI(M)] has not made it any worse from the point of view of labour relations."

Adamant

With 220,000 jute mill workers striking last month, barge men and bank employees out, as well as 300,000 engineering workers threatening action, such a claim seemed surprising. But the chairman was adamant: "In our experience their demands have been no less moderate than before." Here the CPI(M)'s dilemma is very similar to that of the British Labour Party when in government. The CPI(M) does not want a pitched confrontation with management (particularly after the traumas it suffered when it shared office in the late 1960s).

But it has to represent the workers who support it. Its Congress of Indian Trade Unions (CITU) is outstripping the other main confederations—the INTUC which supports Congress and the All-India TUC (AITUC) supporting the Communist Party of India. "With the CPI(M) in power here it is only natural that many workers should leave us for the CITU," an AITUC leader, says resignedly. Given the CPI(M)'s dilemma,

many businessmen suggest that the party leadership is pressing the CITU to avoid radical demands. Such policies would not be easy in a state with as developed a labour movement as West Bengal. Yet CITU leaders make it clear that wider considerations are taken into account. Mr. Dinesh Bhattacharya, Vice-President of the West Bengal CITU, head of its branch at the large Hindustan Motors plant, and a Member of the National Assembly insists: "We are not pressing the workers to limit their claims." However, he adds: "But we do suggest what is practical taking into account the conditions of the industry and what it is possible to achieve if the workers fight."

This background in part explains why even local business leaders have more than the occasional good word for the Left Front. "Ideologically we are poles apart, but on a practical level they are all there. Business houses like ours would expect others to do the manual work. Perhaps more convincing are the hard social and economic facts. Partitioned in the 1940s West Bengal has since had to cope with a net inflow of penniless refugees equivalent to one-quarter of its population. Its industries are largely traditional ones, located at the end of a once-crucial railway line, tied to static sectors such as jute or dependent on servicing outmoded technologies such as the steam engine. More important, it has seen virtually no investment throughout the past decade. The British-owned firms which dominated post-independence times were doing little reinvestment of profits even before their Indianisation was seriously mooted in the

mid-1960s and which became a reality in the 1970s. Moreover, most of the firms then passed into the hands not of Bengalis but of the Marwadi business community—families such as the Birlas, the Kanorias and the Singhanias, men from Rajasthan, of tough commercial instincts, often preferring to invest their profits elsewhere in India or abroad.

Crucial To a considerable extent they avoided West Bengal because of its political troubles during the late 1960s and its tradition of trade union activity. But as unionism has developed elsewhere this last point has become less important. "The cultural gap between our advanced labour force and those elsewhere has now been bridged," is how Dr. Ashok Mitra, the prominent economist and writer now serving as Minister of Finance, describes the present situation. But if this relative "disadvantage" is being eroded, West Bengal's comparative advantage—its cheap coal and iron—has not been restored. "The most crucial measure New Delhi ever took was to establish by fiat that the coal, iron and steel, where we have a natural advantage, should be the same price all over the country without giving us anything in return for the products where we are at a disadvantage," Dr. Mitra says. He refers particularly to the state's need for chemicals, higher quality cottons and salt.

The Chief Minister is quick to admit that industrial regeneration is "very difficult." He adds: "We operate in a mixed economy. We depend a lot on the private sector." Yet the thrust of policy seems to be in three main directions, towards stimulating agriculture, building up small-scale industry in villages and cities and overcoming the power shortages.

Advisers to the Government argue that the first of these policies is essential for the revival of industry. "There is evidence that one needs to begin with agriculture not merely to increase output and raise average income but because the basic problem of industry is demand," says Dr. Ashim Dasgupta, an MIT-trained reader in economics at the Economics Department of Calcutta University and a con-

stant to the Government in numerous committees. His views reflect the now widely-held emphasis on rural development that exists in India. He also insists that the breaking up of land holdings into units under the limit established by the land ceiling law should lead to an increase in output. Unlike mechanised agriculture in the West, Dr. Dasgupta says that the labour-intensive agriculture of India apparently leads to the maximum yield per acre of all major crops being obtained not from large farmers but, strangely, from marginal and small farmers. He adds that this point is born out in all districts of the state and in all states. "There is thus no conflict between the objectives of minimising inequalities and maximising production."

If the results of such policies have yet to be seen, improvements in the power situation could also be delayed.

The term "loan shedding" is the euphemism used for the power cuts which disrupt industry and daily life. Industry blames the over-manning in the sector and the government blames the past management of the plants, in particular those belonging to the West Bengal State Electricity Board. More important is the lack of spare parts for machinery and the failure to service the coal-fired thermal plants on time. "During the Emergency and just prior the machines were worked as no machine should be," the Chief Minister says to explain why the scheduled cuts of the Congress period have now been joined by more problematic unscheduled cuts.

One year ago the Left Front government put out a statement on industrial policy which set out seven goals, ranging from reversing the trend towards stagnation and providing increased employment to expanding the public sector and increasing the control of workers over industry. Today the short-term problems are such that its hopes of restructuring society seem remote. But the aims remain unchanged. The Left Front's unity unbroken and its belief unchanged that the closer it dies in the closer it will be able to come to realising the programme on which it was elected.

Continued from previous page

Land problem

yearly deeper in debt." It is a sad comment on the rest of India that despite such problems land reform has been more successful in West Bengal than in most other states.

In Calcutta the West Bengal Land Reform Commissioner, Mr. Debabrato Bandhopadhyaya, despite his very different background from activists such as Mr. Chakravarti—he is a career All-Indian civil servant who was recently joint secretary at the Ministry of Labour in New Delhi—he backs up the gloomy picture painted of the life of the poor peasant: "The sharecropper and agricultural labourers live to some extent in a state of fear and terror—fear of the bureaucracy of revenue officers and police and terror of economic sanctions or violence by the landlords and of litigation which he can never afford to fight."

But the commissioner also points out that only with the help of the testimony of the sharecropper and agricultural labourer can the state start re-

distribution of the land held in excess of land ceilings (Ministers estimate such land totals around 1.5m acres, or one-ninth of the arable land in the state).

Under the old situation, the peasant could never provide the evidence necessary. Now amendments to the sharecropping law mean that instead of the peasant having to prove he is a sharecropper, the landlord has to prove the peasant is not—and at a public meeting in the village rather than a law court elsewhere. Mr. Bandhopadhyaya also describes the state's attempt to break the power of the village leader, often charging effective rates of over 20 per cent annually, by persuading the banks to lend to sharecroppers. As for the Minister of Finance, Dr. Ashok Mitra, he says that the banks, long accustomed to a credit/deposit ratio in the provinces of around 1/4, do not like such policies. "There is only one method: I hrowbeat them at the top and their lives are made miserable at the village level. We also

keep the beat on the Reserve Bank of India." Dr. Mitra also plans a progressive land tax to replace the present "really regressive" system by the time the new fiscal year begins in April.


There appears to be a consensus in the CPI(M) that at some time the middle farmers, too, will have to be alienated. The present policy is that this should be later rather than sooner. But for the moment, as the Chief Minister, Mr. Jyoti Basu, puts it: "Our aim is that people should only own what they cultivate."

Slowly

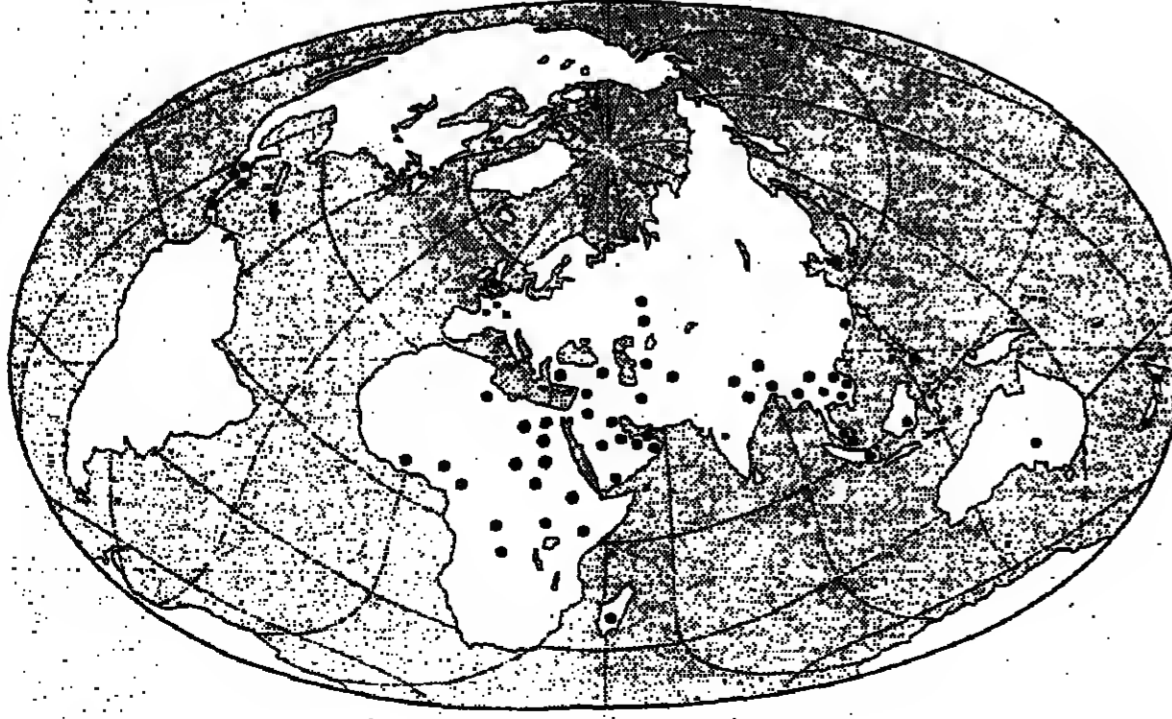
Critics of the party say that for the time being it is moving slowly precisely because it does not want to alienate the middle farmers who at present provide it with much of its rural support. But for local activists such as Mr. Chakravarti there has already been a "basic change" in the violence of the early 1970s and

the Emergency, he says, the CPI(M) could not work openly and even the present Chief Minister had to visit the area in disguise, meeting him and other party workers at a "picnic." Now, he claims, the power of the landlords is not what it was. "In West Bengal those fighting for independence could not break the leadership of the landlords in the villages. Eric control of the independence struggle fell into the hands of the landlords. Now the peasants' organisations have taken root. But we know that we cannot do as per our expectations and desires. Establishing the right of sharecroppers is a step to land reform."

"But," he adds, "if we start a real land reform through the panchayats, Congress and Janata cannot afford to let this continue. We wonder how long they will leave us in peace." The few of the "lax peasants" around him who understood English nodded in agreement.



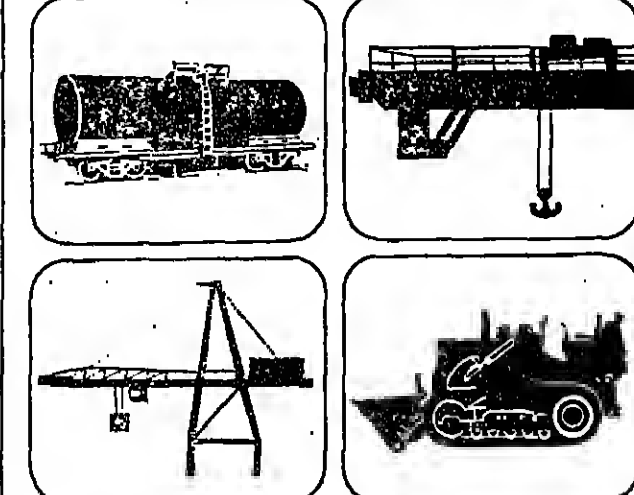
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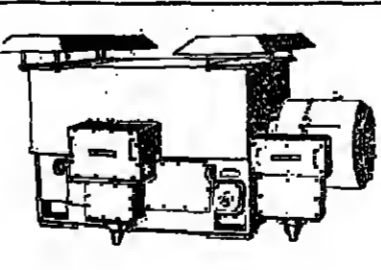


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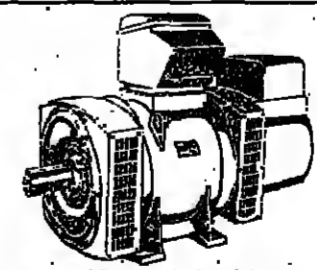
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VILLAGE LIFE

Progress and prosperity veil caste issue



Children playing in the main street of Paltoo Ka Nangla. The cast-off tyres are a sign of a new prosperity

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CASTE VIOLENCE has not yet thought late in 1975. Everyone come to Paltoo Ka Nangla but from one bania who ran a shop in the village, he said, apart had some land so prosperity had been spread around. He gestured to the people around, as if to point out that there was a much greater splash of colour than before in the clothes of the people (though Karan Singh himself was dressed as he has been on every visit I have made since 1973 in a dhoti yellowed with constant washing and a shirt not yet threadbare).

The old rural identity has been distorted. Simplicity and symmetry is disturbed by the stone extensions intruding on the mud houses and by trees felled or stripped to make way for new work. Old mud houses were turned into homes by the home-made wall paintings; the new stone is left glaring and coldly bare.

If prosperity comes to Paltoo, then rural India must indeed be making progress. Paltoo where? Paltoo Ka what? Those were the questions asked by people hardly two miles from Paltoo as I tried to find my way back to the village. As the crow flies, Paltoo Ka Nangla is a mere 10 km from National Highway 3 running from Agra to Bombay. It is 50 km from Agra in Uttar Pradesh, India's largest State, and quite close to the borders of Rajasthan to the west and Madhya Pradesh to the south.

But it lies a kilometre from the nearest tarred road along a zigzag dirt track beside fields made vivid green and yellow by ripening mustard, gram, sugar cane and wheat. The 150 families comprising the village have no school or post office or police station or electricity line to distinguish them with a modest pinprick on even a large-scale map. They are just members of India's 567,000 unknown villages where the unknown masses live.

Nevertheless, according to Karan Singh, a Sanadhya Brahmin and the largest landowner, things are indeed looking up in Paltoo.

He sat, tucked his jincloth under him, let other villagers cluster round him, and talked of the prosperity. Crops, he said, were up by 50 per cent. He himself had savings of Rs 3,000 (about £180) in the bank and only had to pay off Rs 12,000 on the Rs 44,000 tractor he

Other small farmers with a handful of acres are under constant pressure to retain their land. Bad weather, crop failure or heavy expenditure on something like a daughter's marriage could plunge them impossibly into debt.

And all the smaller peasants are at the mercy of the big landowner—Karan Singh. With ownership of what he says is 25 acres—though he almost certainly underestimates his actual holding—he used to provide the labouring jobs and still acts as local moneylender.

He used to provide the jobs but no longer does because the machine of progress, his tractor, does away with his need to employ 100 labourers. "It is faster, cheaper and can do many things," he said in his praise of the tractor. "It can plough and winnow, carry heavy loads, transport water and give joyrides at marriage parties. And it saves me Rs 5,000 a year I would have to pay in wages."

Where do the men find work, I asked. "Oh, there are plenty of places. They can go and work in the quarries or on building roads or go to Jagmir or Agra."

For the men who have to find jobs it is not as easy as that. Ram Dayal, a juit, and one of the small "landowners," said "With only one bigha (one third of an acre) we are as well off as badly off as the landless. We have to go out and find work. That is not easy to come by, nor does it pay well even at harvest time. We are having to go further and further and away from our families in order to find work these days. There are too many people searching."

But Karan Singh still finds it profitable to act as moneylender to those in need. And according to the villagers' accounts, he charges an interest rate five or six times higher than the 12 per cent that the bank charges him on his tractor. Even though the last few years' crops have been good because of the better weather, most of those in debt have only been able to keep up with the interest payments—making no reduction in touching the principal.

Where Paltoo really differs from the riot-torn parts of north India is that the have-nots have not yet had a chance. The movement of the middle-caste kisans (farmers) stems from resent-

ment over the special constitutional privileges of the harijans and determination to break through the high-caste brahmin-dominated government's urban bias. It is a sort of intermediate revolution, with the rich five-acre kulaks determined to get their share. It has brought bloody results, with violence against harijans and reports of harijans being tossed into crushers or dragged to death behind tractors.

The harijans should have powerful representation on the council but it was said: "Usually it is not worth their while turning up."

The council has some useful local powers, like being able to levy fines, which it has done on occasion, "mostly for non-payment of debts."

There are some flickering signs that changes may be coming. Some of the harijans of Chansora have just got tube-wells, thanks to loans from the Janata Government, and will be able to irrigate and get crops from their land, which till now has lain barren. One of them, Chandra Bhan, a mehta (one of the lowest groups of harijans), said delightedly: "Up till now the land has not been fit for crops, but soon with the tube-well I hope to have my own. It will be a change from having to find work as a labourer."

In the battle for survival in rural India the economic purchase which this will give the harijans may mean they are not so easily pushed around and will start claiming their privileges. In Paltoo itself there is no one to challenge the brahmin family. Karan Singh himself was no supporter of Charan Singh, the kisans' hero, who, he said, "does not count around here." Instead he declared himself loyal to Mrs. Gandhi and said he had wished to go "to court arrest by demonstrating for her, but my father was ill and I had to stay here." Mrs. Gandhi, he said, governed firmly. But nowadays "times are changing and people are not like they used to be. They go not show sufficient respect." The comment was the only other sign that Paltoo's masses too might be stirring.

Kevin Rafferty

THE DOCTRINE of the Indian caste system dates from the hymns of the Rig Veda describing the creation of the world. From the head of the primeval man came the brahmin or priest, from his arms the kshatriya or warriors, from his thighs the merchants and craftsmen (vaishya) and later a fourth caste of menial sudras was allowed. The fourth caste were supposed to have come from the feet of primeval man and thus were outcaste as far as many traditional practices were concerned. Over the centuries many sub-groups developed within each caste and a complicated set of taboos developed. For example, a nayar, a south Indian caste below the brahmins, might safely approach within a few feet of a brahmin, but could not touch him without defiling him. However, the presence of a toddy-drawer within 36 paces was enough to pollute a brahmin. In the last century one sub-group called purada-raman, which washed the clothes of untouchables, was regarded as so lowly that its members were not supposed to be seen and had to live a nocturnal existence.

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THE CO-OPERATIVE MOVEMENT

Success remains sporadic

THE CO-OPERATIVE movement in India is 75 years old this year, but Jawaharlal Nehru's call for "consulting the nation with co-operation" has had limited success. This despite the fact that it has a membership of over 70m and the value of its activities is estimated at over Rs 150bn (about \$20bn) annually. Started as a movement for self-help among the poor, it really made a beginning only in the 1950s when it found a place in the planning process. Progress has been sporadic and uneven, although there are some areas of remarkable success.

Ironically, it is in its 75th year that the movement has again found official encouragement. The Janata Government feels that co-operation can be used to achieve its policies of rural and small industry development. More concretely, the policy to improve the public distribution system of essential goods through a chain of co-operatives was endorsed by all Chief Ministers last month. This ambitious scheme of production-distribution is intended to be operational by July in a bid to eliminate the middleman who is thought to be responsible for shortages and rising prices.

But it is agriculture, and more specifically, the credit needs of farmers that has been the basis of the co-operation movement in India, now the largest in the world. It was started originally to rid poor farmers from the grip of the notorious village moneylenders and credit co-operatives, with all their shortcomings, are still the only alternative to him. It is only in the last couple of years that the organised banking system has started moving into rural areas. The moneylender still flourishes, but at least the statistics of growth of credit co-operatives is impressive.

There are at present about 140,000 primary agricultural credit societies, about 350 central co-operative banks, 28 State co-operative banks in that country. Membership of primary agricultural credit societies is over 40m, covering half the active rural population and 92 per cent of all villages.

The societies have a working capital of Rs 19.9m and deposits of over Rs 1.1bn. Production loans given to farmers amount to about Rs 200m a year, and it is claimed that the needs of the farming population met by the co-operative system increased to about 50 per cent in 1975-76 from a meagre 3 per cent in 1950-51.

For long-term credit, central land mortgage or land development banks function in each state at the apex level, each serving districts or smaller administrative units through branches. The apex co-operatives give loans for development purposes (for example, irrigation), and there are at present 10 central land development banks and 680 primary land development banks with a membership of 7.8m and distributing about Rs 150m as loans annually.

Impact Despite the size of the co-operative movement, it is universally accepted that its impact on the economy has been marginal. Evils crept into the movement from the initial stages, and so many vested interests have developed that some States want to forget about co-operation altogether and make a fresh beginning with other village institutions, like the panchayats. The suspicion with which rural co-operatives are viewed is largely because they are known to be used by farmers, traders, the local bureaucracy and politicians; the feeling is widespread that statistics give a false picture and the large farmers are getting most of the credit. The Planning Commission acknowledges that the co-operative system is the most widely distributed and organised credit system which can readily take up the vast task of purveying short, medium and long-term credit to the rural areas. But, says the latest Draft Five-year Plan, "all along, the system has been heavily biased towards the more affluent sections of the rural community, even though lip service has been paid to helping the poorer classes. Resolutions to bring in efficient management and to help the poorer sections have remained a dead letter."

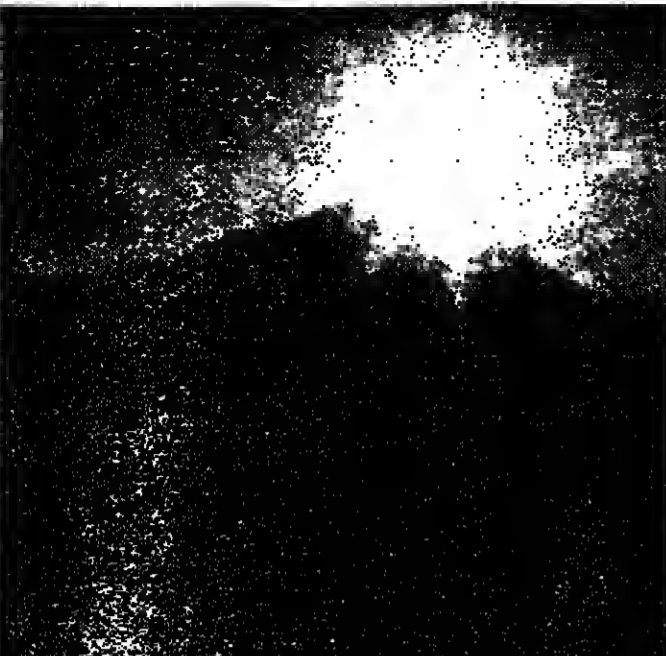
The Central Government, which has a fully-fledged Department of Co-operation operating in New Delhi, has made some efforts to galvanise the system and to enlist the support of the States. For the first time last year, a national resolution on co-operative was adopted. This aims at making the movement into a major instrument of decentralised, labour-intensive and rural-oriented development. The co-operative movement will be developed as a "shield for the weak". This has a disquietingly platitudinous ring about it, especially when it speaks about making the movement into "an autonomous self-reliant movement, free from undue outside interference and excessive control, as also from politics."

Stabilise The co-operative movement, meant initially for agriculturalists, has been more successful in other related areas. The major examples are the co-operative sugar factories and the dairy co-operatives. The experiment of the Milk Supply and Processing Society at Anand in Gujarat is one of the great success stories of the co-operative movement, and it has set the pattern for national dairy development under the "operation flood" programme. At the all-India level, the National Co-operative Dairy Federation has under it nearly 30,000 primary milk supply co-operative societies with a membership of more than 2m. They sell products worth over Rs 5bn annually, providing not only income for farmers but badly needed cheap nutrition. Co-operative processing of agricultural produce, aimed at stabilising agricultural production, has been successful mainly in larger units like sugar factories. A total of 119 sugar co-operatives now operate to produce about 2.4m tonnes of sugar or nearly half the total in the country. Twenty years ago there were just three sugar factory co-operatives, and this suggests that, given the right organisational support, the primary producer can involve himself in processing his product. Agricultural inputs is another area where the movement has done well. Over the years, nearly 60 per cent of fertiliser and other agricultural inputs sold have been channelled through the co-operative system. More significantly, farmers have decided to shed dependence on the private sector and imports for their needs of fertilisers and have actually entered the fertiliser industry as producers in a big way. The Indian Farmers Fertiliser Co-operative (IFFCO), with a direct investment of more than Rs 2.5bn is the largest single fertiliser producer in the country. It has plans to expand further and expects that by 1981 its factories will produce 1m tonnes of urea and another 1m tonnes of NPK products, placing it far ahead of any comparable unit in terms of turnover. Farming apart, the Government hopes to recast the strategy for growth of co-operatives by new schemes. The National Co-operative Development Corporation is being asked to assist the States to increase the share capital base of primary co-operative societies so that they can increase their production and marketing activities. At present, such assistance is available only to apex and regional weaver societies. K.K.S.

Handwritten signature in Urdu script.

VIOLENCE

No worse than in any year



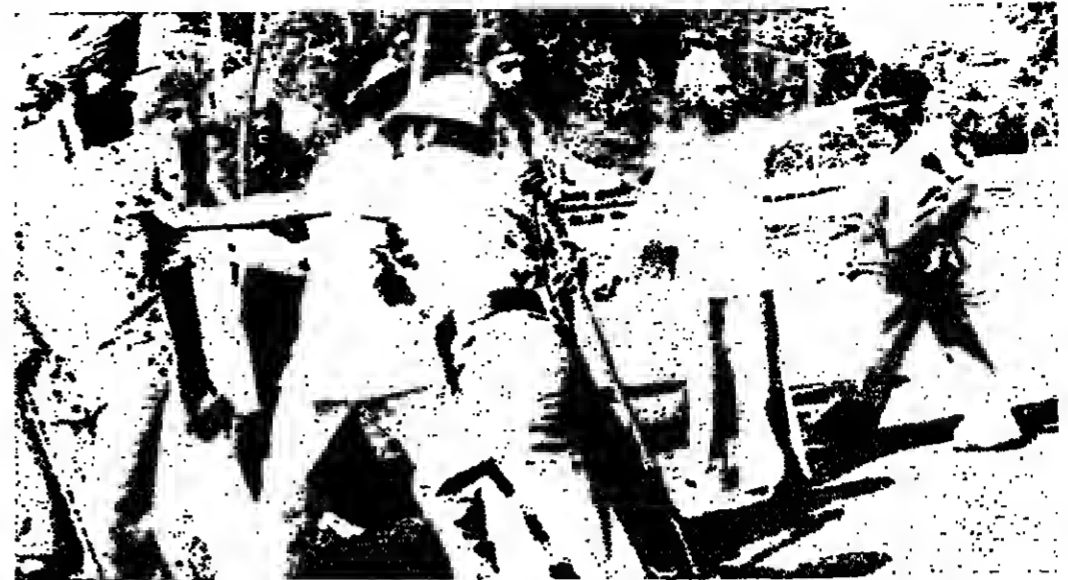
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LAST YEAR certainly seems to have been a violent one in India. Atgarth, the seat of the country's leading Muslim university, was under curfew for 85 days because of clashes between Hindus and Muslims. There were murderous battles between Sikhs and members of the Nirankari sect, which the Sikhs regard as heretical, and violent protests in Maharashtra over the renaming of a university after the Marjani, or untouchable, author of India's constitution. Government property is still being attacked in Bihar and Uttar Pradesh in protest against reservation of Government jobs for the backward castes. Bihar has also recently seen a sudden rash of urban political murders.



Orthodox Sikhs, trying to disrupt a meeting of the Nirankari sect, clash with police in New Delhi last summer

These of course, are only some of the headlines. There has also been at least the normal quota of village level violence, atrocities on Harijans, reprisals by Harijans, harvesting and land disputes and the settling of political scores. The Labour has been violent, too, with 7,000 reported cases of assault in the Bombay industrial belt alone.

Disturbed

But whether 1978 was a particularly disturbed year or not, the Janata Government can claim little credit for its record on law and order. On several occasions had mistakes been made. The party must have known it was heading for trouble in as important a Muslim city as Allahabad when it made a leader of the Hindu extremist RSS (Rashtriya Swayam Sewak Sangh) president of the local party. In principle it was very laudable of Mr. Desai to defend freedom of worship by insisting that the Nirankaris should be allowed to hold their annual meeting in Delhi in spite of Sikh protests and two earlier clashes between the communities, but was it really necessary for him to allow them to mount one of the most ostentatious jamborees of the year right in the centre of Delhi? Whether it was or not, no one in Delhi was in the least surprised that it led to running battles between the police and the Sikhs.

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among the so called backward castes, by reserving Government jobs for them. Previously jobs were only reserved for the trials and the untouchables. This led to a feeling among the backward castes that they were being squeezed between the newly privileged Harijans at one end of the social scale and the well educated upper castes at the other end. The backward castes certainly have a case, and it is a case the Janata Party must back because these castes form the basis of the party's support. But Bihar and Uttar Pradesh are notorious for the corruption and inefficiency of their administration and police, and the Janata governments should have taken them into account before launching a policy which was bound to in-

BRITISH AID

Too many strings

BRITAIN GIVES more aid to India than to any other country but until 1978 it has been almost exclusively in the form of funds tied to the procurement of British goods and services, most of which have little direct effect on India's predominantly rural population, where low agricultural productivity and lack of access to water and land are the major causes of poverty. It is paradoxical that a significant change in Britain's aid policy to India is occurring at a time when India's foreign exchange reserves have reached record heights, after a succession of good harvests, and a good three years after a British Government White Paper pledged to give "more aid to the poorest" (meaning the poorest people as well as the poorest countries).

markedly unemotional account of her attempts to secure a fair trial in India. There cannot be many countries in the world where the old adage "justice delayed is justice denied" is truer than in India. Of course, the Janata Government has weakened its own position by doing away with the policeman's notorious way of bypassing the courts: summary arrest.

It is hardly surprising that four states have now introduced their own laws for preventive detention and others are likely to follow. A recent Amnesty International report has pleaded for the total repeal of preventive detention in India. There is no doubt that this shortcut has been and continues to be misused, but there seems no alternative to it as long as the courts make it so difficult for the police to secure a genuine conviction.

Since the Janata Party came to power, Mrs. Gandhi has shown only too clearly how easy it is to make "the law an ass." But the Government appears quite unperturbed by this. Under it, there will always be the risk that it will be forced back on the draconian methods of Mrs. Gandhi's later years, which it has rightly condemned.

The Government complains that neither the Indian nor the International Press gives it credit for its achievements. I believe the Janata Party has made very real achievements in many fields but I do not see any in the important fields of maintaining law and order. Even if the impression of lawlessness is worse than the reality, the Government can take no credit for that.

Mark Tully

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Britain has been India's largest bilateral donor throughout the 1970s, a role held by the U.S. in the previous decade. In addition to the £106m (gross) channelled bilaterally in the financial year 1977-78, Britain subscribes about a tenth of the funds of the International Development Association, the soft loan facility of the World Bank which allocates about 40 per cent of its resources to India. But because of the size of India's population and the scale of the economy, Britain's net bilateral aid spending amounts to barely 12p per head per year - whereas in several African and Caribbean countries the aid is in excess of £3 per head - and the aid flow can have at best only a marginal effect in an economy with a GNP of around £50bn.

Deficit

Because India takes such a large slice - between a quarter and a third - of British development assistance, and partly because Britain runs a trade deficit with India, the aid spending has been hedged with a mass of restrictions which are not applied to some less needy countries. Chief among these has been the requirement tying aid to British equipment purchases and technical assistance - though there have been exceptions.

Untied funds for debt relief, for example, have been provided annually on an ad hoc basis and a £3m family planning grant, though carefully monitored to ensure that the expenditure had no connection with the enforced sterilisation programme, financed local costs only. Technical co-operation accounts for about 3 per cent of the aid programme.

But in the main, areas have had to be found where British exports can be used. Maintenance aid has been the largest single item during the 1970s. It finances components, spares and industrial materials for existing productive capacity.

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2. The Foreign Currency (non-resident) Account (F.C.N.R.) in which you save in the designated foreign currency and earn interest in the same currency too.

This scheme is available in U.S. Dollars and Pounds Sterling only.

Both these schemes offer you the following advantages

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3. Interest earned under both the schemes are free from Indian Income Tax and Wealth Tax.

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Central and Admin. Office: B-15/47, Connaught Place, New Delhi-110001.
Chairman: ENDERJIT SINGH

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Exhibitions in Britain offer new perspective

BARRING ONLY some political or diplomatic disaster, Britain can look forward confidently to a rediscovery of Indian culture in 1981. The Indian Government is planning to collaborate in a series of exhibitions to include objects from the collections of India's own museums for presentation in London at that time.

The multi-limbed "much maligned monsters"—as Partha Mitter recently described Indian sculpture in a brilliant book on the history of European reactions to Indian art—are therefore coming to London in what now seems likely to develop into a veritable Indian festival. Not only will there be the exhibition in the Arts Council's Hayward Gallery, but it has been proposed that each of the major London museums, as well as some in the provinces, will have an exhibition of its own on different aspects of Indian art and culture.

It is hoped that the Hayward Gallery exhibition will consist largely of objects on loan from India, many of them not seen previously in Europe. The Victoria and Albert Museum is proposing an historical survey of India's decorative arts, drawing from world-wide collections (including of course, its own immensely rich one), to include the later periods—the courtly and urban arts which flourished under the patronage of the Moghuls and other princely Hindu and Moslem courts. It may be that Indian craftsmen will demonstrate their traditional skills in an area of the exhibition which will evoke an Indian street.

Ironic

It is perhaps ironic that space will have to be allocated for a special exhibition of Indian art in Exhibition Road because, until 1953, there existed the Indian Museum as part of the Victoria and Albert Museum complex—at the time without challenge the best in the world in its documentation. Alas, the Indian Museum was dismantled and, worse the casts of major architectural masterpieces like the Sanchi gates broken up. Some objects went back to India or were dispersed in

England. How many people today know, for example, that Hastings Museum has in its rooms a complete Durbar hall?

It is also tentatively proposed that, as part of the 1981 programme, the British Museum will devote space to recent archaeological discoveries, particularly of India's pre-history, with special reference to the discoveries made in India since 1947. The Museum of Mankind will attempt an exhibition on the theme of "Growing up in an Indian village," which will show the stimuli for an Indian child as he grows up in a typical village as an example of a complex process of acculturation. Such an exhibition—devoted more to anthropology than art in the restricted sense—would have to show objects, even part of the actual village itself, perhaps in the style of the enormously successful exhibition in the same museum of Yemen's San'a during the 1976 Festival of Islam. This exhibition, together with the one at the Victoria and Albert, would be of great relevance for the Indian communities in Britain, especially for the children of immigrants who have little chance in Britain of coming into contact with their cultural roots.

In conjunction with this series of exhibitions it is hoped that there will be co-operation and participation—as for the Festival of Islam—from other museums and private galleries throughout the country. There should, ideally, be a concurrent music and dance programme and, certainly, a film festival. What is most lacking at the present stage of planning—and surely will soon be remedied—is a major exhibition of Indian architecture, because however successful the organisers of the other exhibitions will be, their objects will be seen out of the architectural context which in India is almost always the main inspiration and *raison d'être* for the creation of sculpture and even portable objects.

Perhaps the setting for these pieces, and an evocation of the Indian landscape and the importance of their natural and architectural setting, at least could be attempted by showing a series of drawings such as those of the famous Daniel brothers

and the magnificent work of the old Indian Archaeological Survey of India and such crucial figures as Lockwood Kipling, the famous writer's father.

There has not been a major Indian exhibition in Britain since the Great Indian Exhibition at the Royal Academy to mark Indian Independence in 1947-48. Since then the Americans, the French, the Germans, the Swiss and the Japanese have had major exhibitions. An important one is currently on show in Paris. There is reason therefore to be thankful for the personal initiative of the British High Commissioner in New Delhi, Sir John Thomson, and the efforts of the visiting arts units in this country, who have now made it possible that Britain again will be able to give Indian art the attention it deserves.

The Hayward Gallery exhibition, which will include 300 to 400 objects ranging from the Mauryan period to the 19th century, will consist almost exclusively of sculpture and painting and, in the mind of the organisers, it is intended to show the "Indianness" of Indian art, its essential characteristics and uniquely indigenous elements.

It may be possible that a small stone temple from a site about to be flooded will be dismantled and brought to London—a counterpart of the evocation of Cace I of Ajanta in Paris.

The British public therefore will be able to come to grips with an art tradition which has long been misinterpreted and, indeed, has frightened off the average Westerner. In this, the exhibition might not be very different from the Paris exhibition. It is hoped, however, that certain themes, other than historical and chronological, will emerge as a result of bringing the objects together, but it is too early at this stage to define which of these themes will direct the exhibition. Perhaps it will be divided historically, or according to the four main religions: Hinduism, Buddhism, Jainism and Islam and their offshoots; or on the interplay between Indian life, thought and practice.

The organisers are choosing a difficult brief and one might

well question the need for such an exhibition on "traditional" and grand lines. In London the objects will be by definition out of context. To focus exclusively on their aesthetic appeal may even widen the cultural gap rather than bridge it; as such a cool (Occidental) look at an art which is never devoid of ritual significance and almost always an integral part of a building, religions or otherwise, surely must impose on it a 20th century interpretation perhaps as arrogant as was its dismissal by the Victorians.

Lessons

There are many lessons to be learnt from Indian art but these lie more in spheres other than the purely aesthetic approach. Perhaps an exhibition which concentrated on one theme might therefore more successfully illuminate this difficult problem.

Philip Rawson's very successful "Tantra" exhibition at the Hayward Gallery in 1971 is perhaps the best precedent for an exhibition focussed on one single aspect of a culture in all its detail and artistic manifestations. "Shiva and the dance of creation," or "The Buddha and the inward eye," might be others. The time has surely come, it might be argued, when we can leave behind the great survey exhibitions so popular in the colonial 19th century.

Instead, we should have arrived at the detailed point of interest of a great culture whose art we hope to exhibit. We should wish to guide the many visitors to India—and a post-colonial generation of Britons—towards a real appreciation of the range of artistic manifestations of a culture rooted in a complex philosophy and a difficult and alien religious iconography. It should be possible to devise a series of exhibitions which would demonstrate the paradox of the present validity of Indian culture for the understanding of our own present Christian past and the increasing turpitude of Western appreciation of India's art.

It will be fascinating to see whether the exhibitions will concentrate on the different religions current in India and the sacred icons devised for their

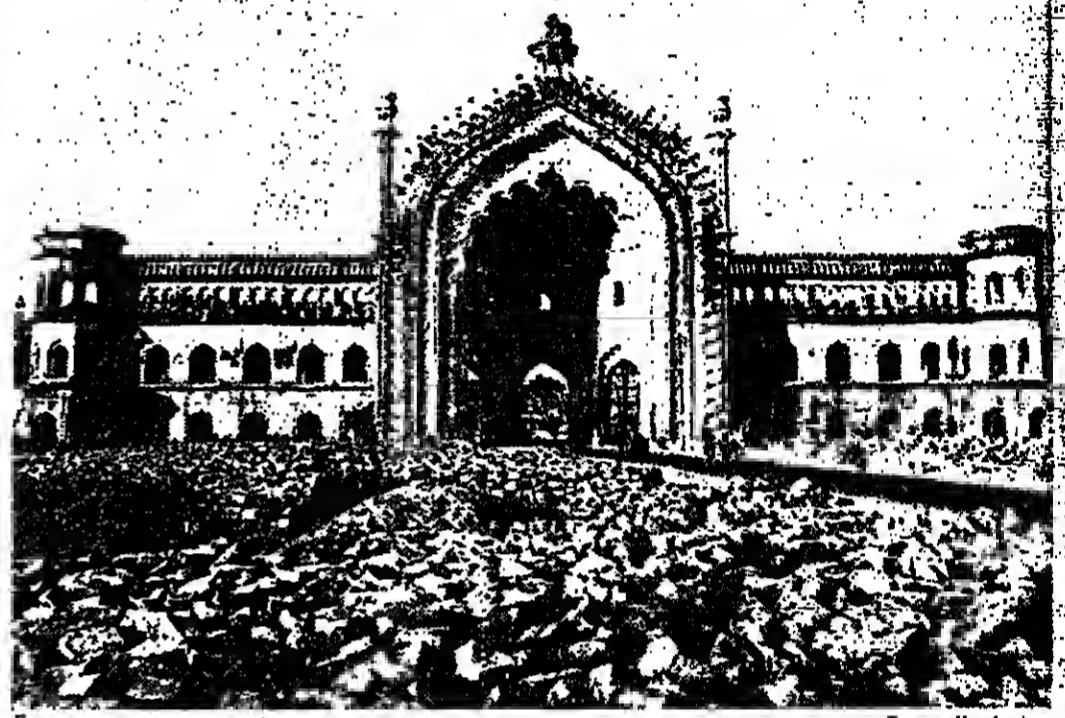
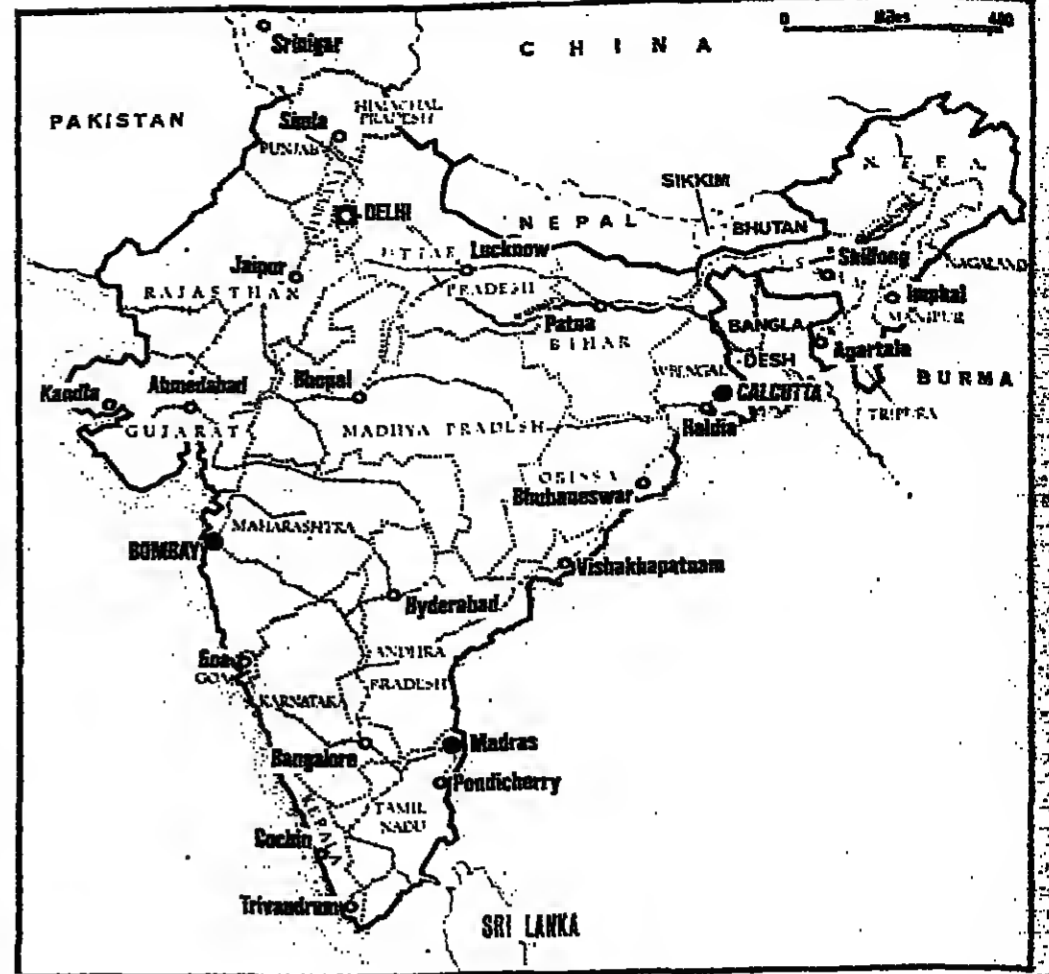
rituals, or on an exploration of modes of aesthetic expression (spiritual, sensuous, erotic, demonic, courtly or everyday life) or on the asoteric principles (asceticism, duality androgynous and animal imagery) the creative forces, the Mother-goddess (what a wonderful subject for an exhibition she would be!). We might hope at least for a medium-sized exhibition, in some gallery or other, of single aspects of Indian art touching on such diverse themes as the "Buddha image," or "foreign influences from ancient Rome to present times," or "modern architecture in India from Le Corbusier to Louis Khan" and so on.

Certainly a place must be made for the extraordinary range of traditional Indian textiles—a major source of inspiration—and cash—for European artists and British industry in the past. It would be enough to bring out the contents, if not the setting, of the Calico Museum of Textiles in Ahmedabad—one of the most beautiful and pleasing museums in the world—to be assured of a seminal exhibition.

And what of the main themes? The "Erotic" (of which too much has been said in the West already), or the "Indian sense of the Terrible" (which has not been given adequate attention)? The possibilities at this stage of early planning seem endless. And will the London dealers jump on the bandwagon with yet another spate of increasingly more expensive Indian miniatures, or will they be more adventurous this time?

Whichever shape this Indian festival will take, the exhibitions will provide ample opportunity to display many of the forgotten Indian objects still in Britain which have been consigned to storage and oblivion with the loss of the old Indian Museum building. Meanwhile, a replacement for it has yet to be found, although by incorporating other oriental collections the about-to-be-vacated St George's Hospital at Hyde Park Corner surely would be ideal in size and location. Maybe, at last, the gods and demons of India may be placated, and welcomed, in London.

Dalu Jones



Rumi Darwaza, the Constantinople Gate of Bara Imambara at Asifi, Lucknow.

The world's best brains are writing paper-history in India.

Right now this is happening in Bhadravati. Where MPM has turned the place into a beehive of activity. To complete its massive expansion on a crash schedule — by December 1979.

The expansion on a gigantic scale. To make it the largest paper unit at any location in India. To produce 1,12,000 tonnes of paper — 75,000 tonnes of newsprint, and by optimisation of its present capacity to 37,000 tonnes of cultural and packing papers. And the first-ever fully integrated sugar mill.

For the first time in India, newsprint will be made with the latest technology using CSRM Pulping System achieving yields of over 85% and the twin wire-former with a speed of over 800 m/m.

Nothing but the best of talent would do for such a mammoth project. Who are they?

MPM—who has been in paper for over 40 years in India.
Jaekko Poyry of Finland—who have engineered more pulp and paper plants than anybody else around the world—consultants to the project for process and basic engineering, project monitoring and forestry development.

Beloit Wainsley of the U.K.—70% of world's newsprint capacity is mounted on Beloit machines. Their 700 ft. long newsprint machine will be the fastest and widest in India.

CE Bauer Bros. of USA—provide the CSRM Pulping System. They are the largest suppliers of such systems in the world.

Jagenberg of West Germany—supply the finishing equipment. With 100 years experience, they are the world leaders in this field.

BHEL of India—This internationally renowned boiler and power plant people provide the steam power and recovery system.

Chemical Bank, New York and Bank of Montreal, Canada have syndicated a loan of US \$ 35 million.

The Financial Institutions and Commercial Banks in India led by IDBI and State Bank of India have lent Rs. 44 crores (about £ 28 million).

The Scene
Bulk of the newsprint machine has been shipped. Most plant and machinery, both imported and indigenous, will be at site by March 1979.

The first coal-fired boiler will be commissioned by June 1979. So also, the first turbo-generator set, the soda recovery boiler, the demineralising plant, the chipper system and the coal handling system.

Civil works are progressing at a feverish pace. The whole place is charged.

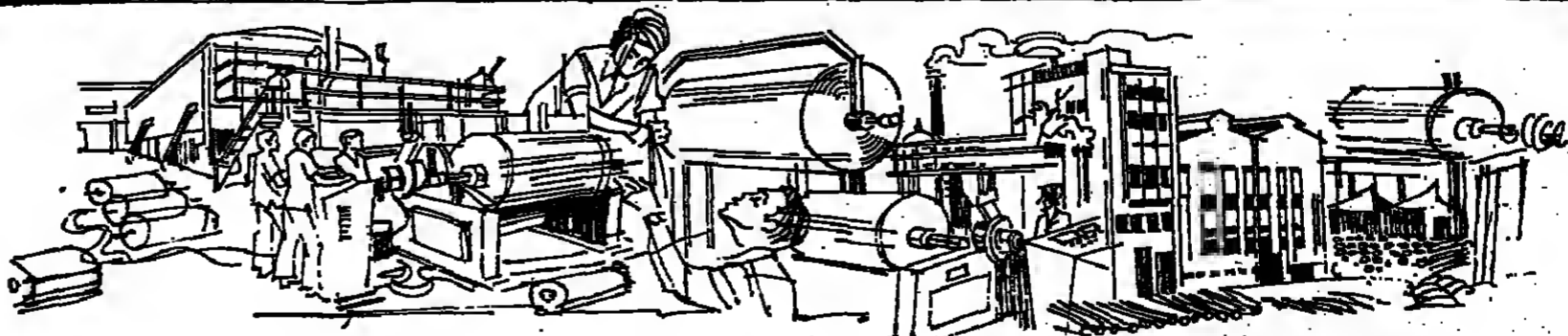
Truck loads of drawings; miles of steel structures; tonnes of machinery; forests of bamboo and wood. And communities of men working round-the-clock to roll out 1,12,000 tonnes of newsprint and paper, come December 1979.

Progress—the medium is paper



THE MYSORE PAPER MILLS LIMITED

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UK COMPANY NEWS

BIDS AND DEALS Revaluation gives EPC shares 68p backing

BY MICHAEL CASSELL

NET ASSETS of English Property Corporation amount to £71m—equal to 88p per share fully diluted—according to the directors of the company...

A world-wide independent valuation on an open market value basis of all the group's completed investment properties...

LASMO's share in Ninian currently at 7.78%

London and Scottish Marlow Oil Company has written to shareholders detailing what the extra cost of developing the Ninian oilfield, the third largest in the North Sea...

BOARD MEETINGS

Table listing board meetings for various companies including AC Cars, Anglo-Siam, and others.

The extra payment is part of a new agreement which modifies the shares of companies participating in the development of Ninian.

Bank and a new syndicate led by Williams and Glyn's Bank for the provision of additional loan facilities of £30m and £5m respectively for the further financing of its share of the Ninian field...



Sir John Pile, chairman of Imperial Group. Results for the year ended October 31, 1978, are due to be announced on Thursday.

Another Reed sale—lumber businesses going for £8.4m

In furtherance of its policy to dispose of its Canadian interests, Reed International announces that Reed Paper has agreed in principle the sale of certain of its lumber businesses to ALPA Lumber Inc.

he taking an active role in ALPA. ASSOCIATE DEAL W. I. Carr has purchased on behalf of Gresham Trust...

considerable potential in U.S. for Eurotherm Mr. J. A. Hartnett, chairman of Eurotherm International tells members...

Interim Report for the 6 months ended 31st December, 1978. PRODUCTION (Metric tons) Hot Metal—Total 355,214...

HIGHVELD STEEL AND VANADIUM CORPORATION LIMITED (Incorporated in the Republic of South Africa)

FINANCE FOR INDUSTRY TERM DEPOSITS. Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years.

SEMICO MONEY FUNDS. Rates paid for W/E 42.79. Call % p.a. 7 day % p.a.

MARLEY A diversified and growing company as these compound increases in profits show. Over the last 25 years—12.2% p.a. Over the last 10 years—15.9% p.a. Over the last 3 years—19.1% p.a.

Irish Distillers chief cautious on prospects MR. F. J. O'REILLY, the chairman of Irish Distillers Group thinks realistic to be cautious about forecasts for the next term...

Interim Report for the 6 months ended 31st December, 1978. Profit before taxation 19,019; Less: Provision for deferred tax 5,996; Taxed earnings per share 18.4c.

The unaudited consolidated profit of the corporation and its subsidiaries for the half year ended December 31, 1978, before providing for deferred tax and minority interests...

LONGTON TRANSPORT (HOLDINGS) LIMITED INTERIM REPORT (UNAUDITED) Turnover increased by 21% Pre-tax profit increased by 31%

THE CHEPSTOW RACECOURSE COMPANY LIMITED (Incorporated in England under the Companies Acts 1908 to 1917) £111,530 5% Convertible Unsecured Loan Stock 1988 at par

Although satisfied with the results, the chairman tells members in his annual statement that he feels they give no grounds for complacency...

DECLARATION OF DIVIDEND No. 9 (INTERIM) Notice is hereby given that the dividend No. 9 of 6 cents a share, being the interim dividend in respect of the financial year June 30 1979, has been declared payable to shareholders registered in the books of the corporation at the close of business on February 23 1979...

Administration ruling cramps Chrysler's borrowing style

BY JOHN WYLES IN NEW YORK

THE CARTER administration is believed to be considering various forms of aid for the financially troubled Chrysler Corporation...

report was unobtainable yesterday but it does appear that Chrysler will apply for the \$500 million guarantee limit...

G & W views Uniroyal purchase

By Our New York Correspondent

UNIROYAL INC., the third largest U.S. tyre manufacturer with 64 plants worldwide, has been placed on the list of candidates for possible acquisition...

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table...

Table with columns for Date, Company Name, Dividend Amount, and Announcement Date. Includes entries for A&W, B&W, and various other companies.

RECENT ISSUES

Table titled 'EQUITIES' listing recent stock issues with columns for Issue Price, Date, and Stock Name.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for Issue Price, Date, and Stock Name.

"RIGHTS" OFFERS

Table listing rights offers with columns for Issue Price, Date, and Stock Name.

Caterpillar expands in Belgium

By Giles Morrill in Brussels

A MAJOR extension of its investment programme has been launched by Caterpillar at its largest European manufacturing plant...

Triomf chairman sees 1979 as record year

BY JIM JONES IN JOHANNESBURG

"IT CAN be confidently predicted that 1979 will be the best year ever in the company's history..."

KLK payout

By Our Financial Staff

KUALA LUMPUR KEPONC, the fourth-largest Malaysian plantation group, has declared a final dividend of 12.5 per cent gross...

BASE LENDING RATES

Table listing base lending rates for various banks and currencies, including A.R.N. Bank, Allied Irish Banks, and others.

CURRENCIES, MONEY and GOLD

Oil on troubled water

BY COLIN MILLHAM

Japan's inflation rate—running at around 23 per cent at present—is giving rise to some concern in Tokyo...

is particularly true of Germany, where the Bundesbank has led the Bundesbank to introduce tightening measures...

GOLD

Table showing gold prices for February 2 and February 1, including Old Bullion and Gold Coins.

CURRENCY RATES

Table of currency rates for February 2, listing various international currencies.

THE POUND SPOT

Table of pound spot rates for February 2, including forward rates against the dollar.

THE DOLLAR SPOT AND FORWARD

Table of dollar spot and forward rates for February 2, listing various international currencies.

EXCHANGE CROSS RATES

Table of exchange cross rates for February 2, listing rates for various currencies.

FORWARD AGAINST £

Table of forward rates against the pound for February 2, listing rates for various currencies.

LONDON MONEY RATES

Table of London money rates for February 2, listing rates for various financial instruments.

OTHER MARKETS

Table of other market rates for February 2, listing rates for various international currencies.

MONEY RATES

Table of money rates for February 2, listing rates for various financial instruments.

Scandinavian Bank Limited

Advertisement for Scandinavian Bank Limited, including Group Accounts, 31st December 1978, and International Offices.

LOCAL AUTHORITY BOND TABLE

Table of local authority bond rates, listing Authority, Annual Interest, and Life.

U.S.\$50,000,000

Advertisement for Caisse Centrale de Coopération Economique, including floating rate notes due 1998.

36 APPORTMENTS

INSURANCE

WORLD STOCK MARKETS

Senior scientific divisional post in Fisons group

Mr. Cedric Seroggs is to become managing director of scientific equipment division of Fisons next April.

Mr. H. J. Blackburn, managing director of the pharmaceutical division of Fisons, has been invited to serve on the executive committee of the PROPRIETARY ASSOCIATION OF GREAT BRITAIN.

Mr. R. Owens has been appointed to the Board of MIDLAND MONTAGU LEASING, a subsidiary of the Midland Bank Group.

Following re-organisation, Mr. M. A. Lydn has become senior international executive in NATIONAL WESTMINSTER BANK'S corporate financial services division.

Mr. B. Rudd has been appointed secretary of DUNLOP HOLDINGS in succession to Mr. D. C. Kissick who is retiring after 26 years with the company.

Growth in assurance outpaces inflation

BY OUR INSURANCE CORRESPONDENT

COMPANIES WHO are members of the Life Offices' Association, the Associated Scottish Life Offices and the Industrial Life Offices Association have just reported large and even surprising growth for the last year.

New annual premiums paid for life assurance and annuities have increased 25 per cent in 1978 against £1,050m in 1977, which is considerably higher than the inflationary growth needed to keep pace with the previous year.

Seemingly, many of those aware of the need for life cover had rather more spare cash available, while others perhaps had decided that the inflation of the mid-70s had so eroded their financial protection that substantial topping up was necessary.

This 28 per cent growth in premiums for new annual contracts must be compared with the 6 per cent increase in single premium contracts up from £521m in 1977 to £522m in 1978.

Mr. John Greco has been appointed national sales manager of PRITCHARD BUILDING PRESERVATION. He was previously area sales manager with Butler Building UK and the regional general manager with the Atcost Group.

Field Marshal Sir Geoffrey Baker has been appointed a director of CITITEL CONSULTANCY.

Mr. K. J. Barry, Mr. R. B. Ferris, Mr. R. N. Oliver, Mr. L. C. T. Sallahank and Mr. W. A. Simpson have been appointed executive directors of GEORGE WIMPY AND CO.

Indices

NEW YORK - DOW JONES

Table with columns for indices: Industrial, Finance, Transport, Utilities, and various market metrics like High, Low, and Change.

STANDARD AND POORS

Table with columns for indices: Industrials, Composite, and various market metrics like High, Low, and Change.

EUROPE

AMSTERDAM

Table with columns for prices and changes for various European stocks in Amsterdam.

BRUSSELS/LUXEMBOURG

Table with columns for prices and changes for various European stocks in Brussels/Luxembourg.

COPENHAGEN

Table with columns for prices and changes for various European stocks in Copenhagen.

VIENNA

Table with columns for prices and changes for various European stocks in Vienna.

GERMANY

Table with columns for prices and changes for various European stocks in Germany.

MILAN

Table with columns for prices and changes for various European stocks in Milan.

PARIS

Table with columns for prices and changes for various European stocks in Paris.

OSLO

Table with columns for prices and changes for various European stocks in Oslo.

AUSTRALIA

Table with columns for prices and changes for various European stocks in Australia.

JOHANNESBURG

Table with columns for prices and changes for various European stocks in Johannesburg.

SWITZERLAND

Table with columns for prices and changes for various European stocks in Switzerland.

BRAZIL

Table with columns for prices and changes for various European stocks in Brazil.

JOHANNESBURG MINES

Table with columns for prices and changes for various European stocks in Johannesburg Mines.

INDUSTRIALS

Table with columns for prices and changes for various European stocks in Industrials.

SECURITIES

Table with columns for prices and changes for various European stocks in Securities.

WALL STREET

NEW YORK

Large table of stock prices and changes for various companies in New York.

CANADA

Table of stock prices and changes for various companies in Canada.

TOKYO

Table of stock prices and changes for various companies in Tokyo.

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INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

BY FRANCIS GHILES

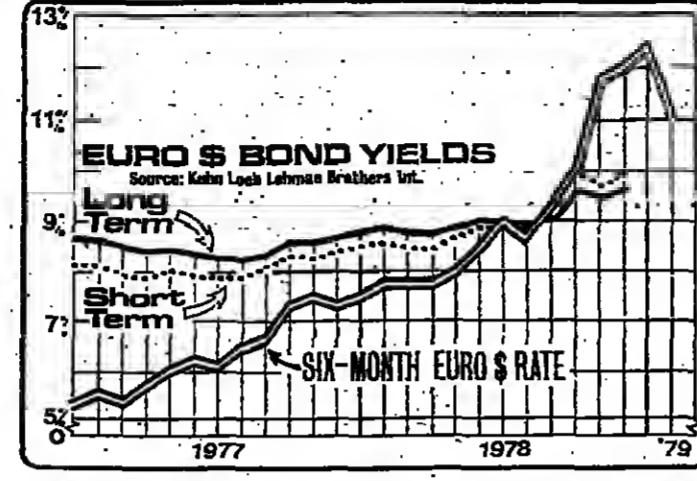
A flood of new issues released

THERE WAS plenty of good news to cheer the dollar sector of the bond markets last week...

A \$125m floater for BNP was announced and a \$30m FRN for Banco Urquijo...

new issues, irrespective of quality or terms, tended to open in the market less than the full selling commission of 1 1/2 per cent...

term borrowers: no one wants to miss out on a renewed surge in prices.



The new yield level implicit in recent issues is not only meeting investor expectations but also leading to some good secondary market performances...

IRANIAN DEBT

BY MARY CAMPBELL

Big assets behind a big risk

THE SITUATION in Iran is unprecedented in the history of bank lending to sovereign states...

At the last count in October, Iran's official foreign exchange reserves were over \$10bn...

Koran/Islamic law forbids payment of interest it also calls for repayment of debts.

now, then a court might subsequently dismiss this as grounds for calling a default later.

loans to the same borrower would fall into default too.

FT INTERNATIONAL BOND SERVICE

Table of U.S. DOLLAR STRAIGHTS with columns for Issued, Bid, Offer, Day, Week, Yield.

Table of DEUTSCHE MARK STRAIGHTS with columns for Issued, Bid, Offer, Day, Week, Yield.

Table of OTHER STRAIGHTS with columns for Issued, Bid, Offer, Day, Week, Yield.

Table of CONVERTIBLE BONDS with columns for Conv, Cvt, Cpt, Prem.

CURRENT INTERNATIONAL BOND ISSUES

Table listing bond issues with columns for Borrowers, U.S. Dollars, Amount, Maturity, Av. life, Coupon, Price, Lead manager, Offer yield.

U.S. BONDS

BY JOHN WYLES

Defining a strategy

THE FEDERAL Open Market Committee meets tomorrow to set the central bank's interest rate strategy for the month...

draw greater strength from the decline in the December index of leading economic indicators...

Whether this rally can be sustained in the coming week is distinctly uncertain...

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts including Abbey Unit Tr. Mfrs. (a), Allied Nucleo Group (a) (p), and various other trust units with their respective managers and details.

Table of insurance and property bonds including Manulife Management Ltd., Pearl Trust Managers Ltd., and various insurance companies.

Table of offshore and overseas funds including Alexander Fund, Allen Harcourt & Ross Inv. Mgt., and various international investment funds.

OFFSHORE AND OVERSEAS FUNDS

Table of offshore and overseas funds including Alexander Fund, Allen Harcourt & Ross Inv. Mgt., and various international investment funds.

INSURANCE AND PROPERTY BONDS

Table of insurance and property bonds including Abbey Life Assurance Co. Ltd., Green Life Assurance Co., and various insurance companies.

INSURANCE AND PROPERTY BONDS

Table of insurance and property bonds including Green Life Assurance Co., The London & Manchester Ass. Co., and various insurance companies.

INSURANCE AND PROPERTY BONDS

Table of insurance and property bonds including Save & Prosper Group, The London & Manchester Ass. Co., and various insurance companies.

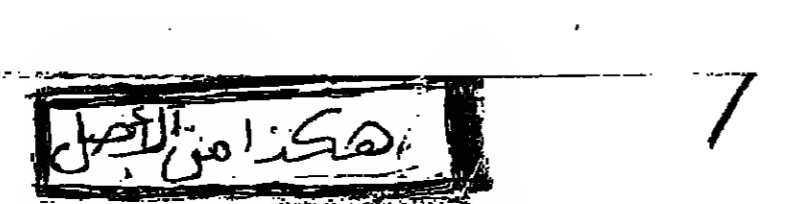
INSURANCE AND PROPERTY BONDS

Table of insurance and property bonds including The London & Manchester Ass. Co., Sun Alliance Fund Mgmt. Ltd., and various insurance companies.

CORAL INDEX: Close 464-469

INSURANCE BASE RATES
*Property Guaranteed 22%
*Venberg Guaranteed 12.12%

NOTES
Prices do not include 5 premium, except where indicated and in cases where it is stated otherwise.



BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|----------------|--|---------------------------|
| Current | Intl. Spring Fair (01-499 7324) (until Feb. 8) | Exbn. Centre, Birmingham |
| Current | AMEEC: Coal Preparation Plant Exhibition (061-832 8541) (until Feb. 9) | Exbn. Centre, Harrogate |
| Feb. 6-8 | London Catering Fair (0428 52785) | New Horticultural Hall |
| Feb. 7-8 | CBMPE London Exhibition (01-837 8841) | West Centre Hotel, London |
| Feb. 9-10 | Cruft's Dog Show (01-493 6881) | Earls Court |
| Feb. 13-15 | Catering, Licensed Trade, Hotel and Club Exbn. (0202 21812) | Falcon Rooms |
| Feb. 18-22 | International Men's and Boy's Wear Exhibition | Olympia |
| Feb. 19-22 | Photography at Work Exhibition (01-988 7788) | Wembley Conference Centre |
| Feb. 19-25 | The Energy Show (0822 4871) | Exbn. Centre, Birmingham |
| Feb. 24-Mar. 4 | National Custom Car Show 1979 (01-686 7161) | Alexandra Palace |
| Mar. 12-16 | Labex Intl. (Lab., Diagnostic and Medical Inst. Exhibition) (021-705 6707) | Exbn. Centre, Birmingham |

OVERSEAS TRADE FAIRS AND EXHIBITIONS

| | | |
|------------|---|-----------|
| Feb. 6-9 | AIRMEC 79—The Aircraft Maintenance Men's Exbn. (St. Albans BS213) | Zurich |
| Feb. 8-18 | International Motor Show | Amsterdam |
| Feb. 10-16 | International Toy Exhibition (01-439 3964) | Paris |
| Feb. 11-14 | Canadian Hardware Show (021-453 8600) | Toronto |
| Feb. 13-16 | Asia Aquatech 79—Intl. Water Technology Exbn. | Singapore |
| Feb. 20-25 | Architectural Profile Systems Exhibition | Basle |

BUSINESS AND MANAGEMENT CONFERENCES

| | | |
|------------|--|-----------------------------|
| Current | University of Bradford Management Centre: Industrial Relations Negotiation (Bradford 42393) (until Feb. 9) | Heaton Mount, Bradford |
| Current | Cranfield School of Management Course (0234 751123) (until Feb. 23) | Cranfield, Bedford |
| Feb. 5 | Oyez-IBC: Advertising to Doctors and Dentists (01-242 2481) | Royal Lancaster Hotel, W2 |
| Feb. 5 | IPM: Unfair Dismissal—everything you wanted to know but were afraid to ask (01-387 2844) | Dragonara Hotel, Bristol |
| Feb. 5-6 | Charterhouse Management: Finance for the Non-Financial Director (01-606 0121) | St. Ermin's Hotel, SW1 |
| Feb. 5-6 | Institution of Mechanical Engineers: Engineer and Society (01-839 1211) | Odeon, Marble Arch, W1 |
| Feb. 5-9 | IPM: Selecting the Right Candidate (01-387 2844) | Whites Hotel, W2 |
| Feb. 6 | Abacus: Rent Reviews and Renewal of Leases (07782 4471) | Kensington Palace Hotel, W8 |
| Feb. 6 | Business Perspectives: China's Industrialisation—the role for Britain (01-580 3197) | Grosvenor House Hotel, W1 |
| Feb. 6 | BACIE: The Qualification Jungle (01-942 6641) | Park House, W4 |
| Feb. 6 | ASAM: The Legal Implications of Engineering Contracts (01-385 1862) | Royal Automobile Club, SW1 |
| Feb. 6-8 | RRG: Managing the Risk (01-236 2175) | Marriott Hotel, Amsterdam |
| Feb. 6-7 | The Henley Centre for Forecasting: Practical Training in Forecasting (01-251 3941) | Carlton Tower, W1 |
| Feb. 6-8 | ASAM: Project Management (01-385 1862) | Piccadilly Hotel, W1 |
| Feb. 8 | U.S. Expat: Taxation: Workshop (01-606 5631) | Piccadilly Hotel, W1 |
| Feb. 8 | Oyez-IBC: Fringe Benefits for Directors and Executives (01-242 2481) | Royal Lancaster Hotel, W2 |
| Feb. 8 | LLP: Licensing Products and Processes—Protection and Profits (01-586 1814) | St. Ermin's Hotel, SW1 |
| Feb. 8-9 | Brunei Institute: Identifying Training Needs for Managers and Professionals (0695 99491) | Brunei University |
| Feb. 9 | Oyez-IBC: The Fourth Channel—the development of Commercial Television in the United Kingdom (01-242 2481) | Europa Hotel, W1 |
| Feb. 12-23 | CBI: International Financial Management Seminar (022 471133) | Hong Kong |
| Feb. 12-13 | CRC: The Future of the Rural Community Conference (01-488 1951) | Cafe Royal, W1 |
| Feb. 12-16 | CBO: Reliability Engineering, Advanced Technology and Industrial Applications (010-139020) | Rotterdam |
| Feb. 13-14 | IPM: Recruitment Advertising and Communications (01-387 2844) | Whites Hotel, W2 |
| Feb. 13-17 | The Clothing Institute: Careers in Clothing and Footwear (01-293 0191) | Healdon, NW4 |
| Feb. 14 | Marchmont Conferences: Personal Tax Savings for Directors (01-491 7812) | Hilton Hotel, W1 |
| Feb. 14 | ESC: Marriage and Non-Marriage (057-282 2711) | Hilton Hotel, W1 |
| Feb. 14 | BMEG: Markets for Building Materials and Components—Where should we be looking? (01-536 6820) | Cavendish Conference Centre |
| Feb. 14 | LAMSA: Computers and Privacy (01-828 2233) | Royal Festival Hall, SE1 |
| Feb. 14 | The Institution of Metallurgists: Fracture Mechanics (01-446 2251) | Northumberland Avenue, WC2 |
| Feb. 14-15 | FT Conference: Finance and Trade in the 1980s (01-236 4332) | Frankfurt am Main |
| Feb. 15-16 | Abacus: Counterfeiting and Piracy—Do you really know if your goods are being forged? (07782 4471) | Kensington Palace Hotel, W8 |
| Feb. 19-20 | Institute for International Research: Internal Auditors Conference (01-388 2668) | Royal Lancaster Hotel, W2 |
| Feb. 19-20 | Frank Jenkins: Planning FR Programmes (01-567 2811) | Connaght Rooms, WC2 |

Parliament

TODAY
COMMONS—Vaccine Damage Payments Bill, second reading.
LORDS—Ancient Monuments and Archaeological Areas Bill, second reading. Price Commission (Amendment) Bill, second reading. Arbitration Bill, report stage.
SELECT COMMITTEES—Expenditure, Education, Arts and Home Office sub-committee. Subject: Women and the penal system. Witness: Prof. T. C. N. Gibbens (Room 13, 4.15 pm).
TOMORROW
COMMONS—Debate on the disruption of the education service till 7 pm. Private Business.
SELECT COMMITTEES—Nationalised Industries. Sub-committee A. Subject: Report and accounts. Witnesses: British Waterways Board (Room 8, 4 pm). Joint Committee on Statutory Instruments (Room 4, 4.15 pm), followed by Select Committee on Statutory Instruments.
WEDNESDAY
COMMONS—Nurses, Midwives and Health Visitors Bill, remaining stages.
SELECT COMMITTEES—Nationalised Industries. Sub-committee B. Subject: Report and Accounts. Witnesses: National Coal Board. (Room 8, 10.45 am). Science and Technology. Genetic engineering sub-committee. Witnesses: Officials of Department of Education and Science. (Room 15, 10.30 am). Expenditure. Environment sub-committee. Docklands Action Group. (Room 15, 4.15 pm). Nationalised Industries. Sub-committee E. Subject: Ministers, Parliament and the nationalised industries. Witnesses: Sir Henry Marking, Sir Keith Granville. (Room 8, 4 pm). Expenditure, Social services and employment sub-committee. Subject: Perinatal and Neonatal mortality. Witnesses: Royal College of Physicians; British Paediatric Assn. (Room 6, 4.30 pm). Expenditure, Trade and Industry sub-committee. Subject: UK Domestic air fares. Witnesses: Dan Air, Air Anglia. (Room 16, 10.15 am). European Legislation. Sub-committee 1. Subject: Milk Sector Report. Witness: Mr. Edward Bishop, Minister of State for Agriculture. (Room 6, 11 am).
THURSDAY
COMMONS—Crown Agents Bill, second reading.
SELECT COMMITTEES—Nationalised Industries. Sub-committee D. Subject: Consumers and the nationalised industries. Witnesses: National Gas Consumers' Council, Electricity Consumers' Council, Domestic Coal Consumers' Council.
FRIDAY
COMMONS—Private Member's Bills.

All of these bonds having been sold, this announcement appears as a matter of record only.



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FLOATING RATE NOTES DUE 1986

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SOCIÉTÉ GÉNÉRALE
UNION DE BANQUES ARABES ET FRANÇAISES - U.B.A.F.

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 Algemene Bank Nederland N.V.
 Banca Nazionale Dell'Agricoltura
 Banco di Roma
 Banque Bruxelles Lambert S.A.
 Banque Commerciale pour l'Europe du Nord (Eurobank)
 Banque de l'Indochine et de Suez
 Banque Française du Commerce Extérieur
 Banque de l'Indochine et de Suez
 Banque Internationale à Luxembourg, S.A.
 Banque Rothschild
 Banque Worms
 Bergen Bank
 Berliner Handels- und Frankfurter Bank
 Copenhagen Handelsbank
 Crédit Agricole
 Crédit du Nord
 Den Norske Creditbank

Deutsch-Scandinavishe Bank A.G.
 Gulf Riyad Bank E.C.
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 Sumitomo Finance International
 Svenska Handelsbanken
 S.G. Warburg & Co. Ltd.
 Yamaichi International (Nederland) N.V.



English Property Corporation Limited

Letters were posted by the Board on the 3rd February, 1979, to shareholders containing draft unaudited accounts for the year ended 31st October, 1978, and give the following details:—

NET ASSETS

The draft balance sheets, which are contained in the letter, show

net assets amounting to £71m—equivalent to approximately 71p per share (before conversion)

and approximately 68p per share (after full conversion of the preference shares and convertible loan stocks). The net assets reflect independent valuations, full details of which are set out in the letter.

In support of the valuations, the development properties have also been valued at current open market value in their present condition. This shows that the present value of these development properties is some £7m in excess of the aggregate value on which they are incorporated in the statement of net assets, equivalent to 7p per share (before conversion).

REVENUE

The draft revenue statement for the year ended 31st October, 1978 shows net revenue before taxation of £9.3m. These results are arrived at after capitalising interest on developments in accordance with the company's normal accounting policy.

The amount capitalised shows a further reduction to £13.3m compared with £20.1m in the previous year and £26m in respect of 1976.

DIVIDEND

The Board proposes, on the basis of the draft accounts, to pay a final dividend of 1.05p per share, which, together with the interim dividend paid on 8th January, 1979, amounts to 2.3p per share, the same as last year.

On the 2nd February, 1979, Wereldhave increased its offer from 37p to 46p per ordinary share of English Property Corporation Limited. The increased offer must remain open for acceptance for at least 14 days.

The Board, advised by Samuel Montagu & Co. Limited, has rejected the increased offer as inadequate.

The Board of EPC advises its share and loan stockholders

To take no action

and a further letter will be sent shortly giving your Board's reasons for this advice.

In the meantime discussions are continuing with Olympia & York Developments Limited, a Canadian company, and their advisers N. M. Rothschild & Sons Limited, as explained in the letter to shareholders dated 3rd February.



The Board of EPC (with the exception of Sir Denis Mountain and Mr. F. A. Davies) have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate and that no material facts have been omitted and jointly and severally accept responsibility accordingly.

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- 1978 Mar. Rolls-Royce Silver Shadow II Saloon. Silver Chalice, Blue Everflex roof, Surf Blue leather. Speedometer reading 3,500 miles.

GUILDFORD

- 1977 Nov. Rolls-Royce Silver Shadow II in Chestnut with Tan hide. Maintained only by us. 16,400 miles indicated.

TORQUAY

- 1977 May Rolls-Royce Silver Shadow Series II finished in Honey with beige hide upholstery.

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TORQUAY

1977 Nov. Aston Martin V8 Saloon finished in Milan Brown with beige hide upholstery.

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1978 911 SC Coupé, manual, black, red, tan, 11,000 miles.

1978 911 SC Coupé, manual, black, red, tan, 11,000 miles.

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1978 911 SC Coupé, manual, black, red, tan, 11,000 miles.

HR Owen OFFICIAL ROLLS-ROYCE & BENTLEY DISTRIBUTOR. 1978 ROLLS-ROYCE PHANTOM VI 7-SEAT LIMOUSINE. Finished in Chestnut with Tan Hide to front compartment and Beige Velvet to rear compartment.

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78 (T) MERCEDES BENZ 280 SE. Minosa/Green cloth. T/Glass. Radio/Cassette. 3,000 miles. 13,950.

78 (T) PANTHER J72 AUTOMATIC. Metallic Silver. Red hide. Radio. 2,000 miles. 11,950.

78 (June) B.M.W. 728 AUTOMATIC. P.A.S. Met. Gold/Black. Volant. Tinted Glass. Central Locking. Radio/Cassette. 5,000 miles. 10,850.

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FT SHARE INFORMATION SERVICE

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Table listing food, grocery, and other stocks.

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Handwritten signature and notes at the bottom of the page.

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Regional markets section containing updates on various international markets.

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